

PROSPECTUS



VYSARN
LIMITED

Vysarn Limited ACN 124 212 175

Prospectus for the offer of up to 129,629,630 Shares at an issue price of \$0.054 each, to raise up to \$7,000,000 (before costs), subject to a minimum subscription of \$5,000,000 (Public Offer).

The Public Offer is scheduled to close at 5:00pm (WST) on 16 August 2019 unless extended or withdrawn.

Lead Manager to
the Public Offer



IMPORTANT INFORMATION:

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Securities offered by this Prospectus should be considered speculative. Refer to Section 6 for a summary of the key risks associated with an investment in the Company.



Corporate Directory

Directors*

Mr Peter Hutchinson – Executive Chairman
Mr Nicholas Young – Non-Executive Director
Mr Faldi Ismail – Non-Executive Director
Mr Sheldon Burt – Non-Executive Director
Mr Chris Brophy – Non-Executive Director

Company Secretary

Ms Kyla Garic

Registered Office

108 Outram Street,
West Perth WA 6005

Telephone: +61 8 9486 7244

ASX Code: VYS

Website: www.vysarn.com.au

Lead Manager

Otsana Pty Ltd trading as Otsana Capital
108 Outram Street,
West Perth WA 6005

Auditor

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

Investigating Accountant

RSM Corporate Australia Pty Ltd
Level 32, Exchange Tower
2 The Esplanade, Perth WA 6000

Share Registry**

Automic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000

Telephone (within Australia): 02 9698 5414

Telephone (outside Australia): +61 2 9698 5414

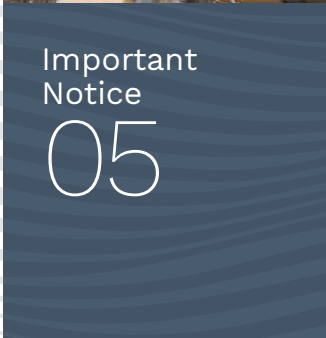
Lawyers

DLA Piper Australia
Level 31, Central Park
152-158 St Georges Terrace, Perth WA 6000

* On completion of the Acquisitions, Mr Young and Mr Ismail will resign from the Board, Mr Hutchinson will move into the role of Non-Executive Chairman and Mr Burt and Mr Brophy will move into Executive Director roles

** These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

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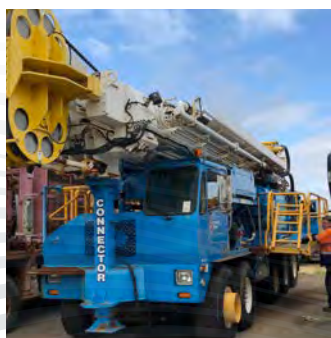
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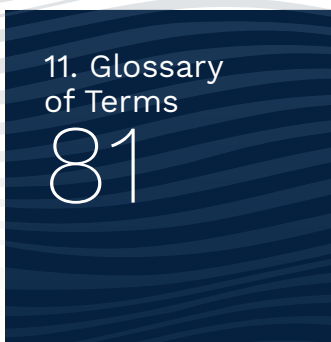
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Important Notice

This Prospectus is dated, and was lodged with ASIC on, 11 July 2019. Neither ASIC nor the ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5:00pm (WST) on that date which is 13 months after the date this Prospectus was lodged with ASIC. No Securities will be issued on the basis of this Prospectus after that expiry date.

An application will be made to the ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of the Public Offer and the Ancillary Offers.

No person or entity is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

Before applying for Securities under this Prospectus, potential investors should carefully read the Prospectus so that they can make an informed assessment of:

- (a) the rights and liabilities attaching to the Securities;
- (b) the assets and liabilities of the Company; and
- (c) the Company's financial position, performance and prospects.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of the Offers should be considered speculative.

Change in Nature and Scale of Activities and Re-Compliance with Chapters 1 and 2 of the Listing Rules.

On 11 April 2019, the Company entered into:

- an Asset Sale Agreement with Pentium and Ausdrill (a wholly owned subsidiary of Ausdrill Limited (ASX:ASL)), pursuant to which it agreed, subject to Shareholder approval (which has now been obtained) and the satisfaction of certain other conditions, to acquire, various waterwell drilling assets (and associated inventory) currently used by Ausdrill to conduct its hydrogeological drilling business (formerly known as 'Connector Drilling'; and
- a Share Sale Agreement with the shareholders of Pentium, pursuant to which it agreed, subject to Shareholder approval (which has now been obtained) and the satisfaction of certain other conditions, to acquire all the issued shares of Pentium in consideration for the issue of Shares in the Company, completion of which will see Pentium become a wholly owned subsidiary of the Company.

Refer to Section 2 for information on the Company and Pentium and Section 7 for further details of the terms and conditions of the Asset Sale Agreement and the Share Sale Agreement.

The Acquisitions will involve a significant change in the nature and scale of the Company's activities and requires the approval of Shareholders under Chapter 11 of the Listing Rules. At the Company's General Meeting held on 5 July 2019, Shareholders approved, among other things, the issue of the Securities the subject of the Offers, and the change in nature and scale of the Company's activities resulting from the Acquisitions.

The Company must also comply with the ASX requirements for re-quotation of the Shares on the Official List, which includes re-complying with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to meet these requirements and to facilitate the Offers. The Offers under this Prospectus are conditional on the satisfaction of certain conditions. Refer to Section 1.5 for further details.

The Company's securities have been suspended from Official Quotation since 14 July 2016 and will continue to be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation

of the Shares on the Official List. In the event the conditions to the Public Offer are not satisfied or the Company does not receive conditional approval for re-quotations of the Shares on the Official List on terms which the Board reasonably considers are capable of satisfaction, then the Company will not proceed with the Public Offer, the Ancillary Offers or the Acquisitions and will repay all Application Monies (without interest) in accordance with the provisions of the Corporations Act.

Electronic Prospectus and Application Forms

This Prospectus will generally be made available in electronic form by being posted on the Company's website at www.vysarn.com.au. Persons receiving a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and an Application Form (free of charge) from the Company's registered office during the period of the Public Offer by contacting the Company. Contact details for the Company are detailed in the Corporate Directory. The Public Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and relevant Application Form within Australia.

Applications will only be accepted on an Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from www.vysarn.com.au. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to apply for Shares under the Public Offer should complete an Application Form. If you do not provide the information required on an Application Form, the Company may not be able to accept or process your Application.

Risks

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, in considering the prospects of the Company potential investors should consider the risk factors that could affect the financial performance and the assets of the Company. Refer to Section 6 for details of the key risks applicable to an investment in the Company.

Speculative Investment

The Securities offered under this Prospectus should be considered speculative. There is no guarantee that the Securities offered under this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Securities in the future.

Prospective investors should carefully consider whether the Securities offered under this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 6 for details of the key risks applicable to an investment in the Company.

Foreign Investors

This Prospectus does not constitute an offer or invitation to apply for Securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Securities the subject of this Prospectus, or the Public Offer, or otherwise to permit the public offering of Securities, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Refer to Section 1.22 for more details on selling restrictions that apply to the Offers and the sale of securities in jurisdictions outside Australia.

Ancillary Offers

This Prospectus also contains ancillary offers of Shares and Options. Please refer to Section 1.2 for further details.

Conditional Offers

The Offers contained in this Prospectus are subject to and conditional on certain events occurring. Please refer to Section 1.5 for further information.

Exposure Period

Application for Securities under this Prospectus will not be processed until after expiry of the Exposure Period pursuant to Chapter 6D of the Corporations Act. No preference will be conferred on Applications received during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date. If the Exposure Period is extended by ASIC, Applications will not be processed until the expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants, prior to the processing of Applications and the raising of funds. That examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Privacy Statement

To apply for Shares you will be required to provide certain personal information to the Company and the Share Registry. The Company and the Share Registry will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. The Corporations Act and taxation law require some of this personal information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this privacy statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to the ASX and other regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's public register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to Shareholders) and compliance by the Company with its legal and regulatory requirements.

Forward-looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 6. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

No Forecast Financial Information

After considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared, and accordingly, financial forecasts have not been included in this Prospectus.

Contract Summaries

Summaries of contracts detailed in this Prospectus are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

Time

All references to time in this Prospectus are references to WST, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 11.



.....
...we obtained an Independent
Valuation Report which
values the market value of
these Assets at \$30,693,000
(inclusive of GST)
.....

Letter from the Chairman

Dear Investor

On behalf of the board of Vysarn Limited (**Company**), I am pleased to offer you the opportunity to invest in the Company. The Public Offer comprises an invitation to apply for up to 129,629,630 Shares at \$0.054 per Share to raise up to \$7,000,000, subject to a minimum subscription of \$5,000,000 (before costs).

The Company was incorporated on 1 March 2007 and was admitted to the Official List on 14 December 2007. The Company's most recent focus was on aluminium recycling and salt slag processing and operated this business until September 2015 when it closed its processing plant. The Company has largely been dormant since this time and has been suspended from trading on the ASX since 14 July 2016.

I was appointed as Executive Chairman of the Company in October 2017, and since this time, together with fellow Directors Faldi Ismail and Nicholas Young who were appointed as Directors in December 2016, we have conducted an extensive search for acquisition opportunities to facilitate the reinstatement of the Company to trading on the ASX and generate value for Shareholders. This has seen us conduct due diligence and assess a large number of potential acquisition opportunities in a wide range of sectors.

In January 2019 we were introduced to Sheldon Burt and Chris Brophy, highly experienced professionals in the drilling industry. Through Sheldon and Chris, we were introduced to high quality drilling assets used by Ausdrill Northwest Pty Ltd (a wholly owned subsidiary of Ausdrill Limited (ASX:ASL)) to operate its hydrogeological drilling business (formerly known as 'Connector Drilling'. Following extensive due diligence investigations, we became convinced that this was the opportunity we had been searching for, and we entered into an Asset Sale Agreement to acquire these assets (including associated inventory) from Ausdrill for \$16 million (ex GST) in April 2019. As part of our due diligence, we obtained an Independent Valuation Report which values the market value of these Assets at \$30,693,000 (inclusive of GST). A copy of this report is included in Attachment A to this Prospectus.

In May 2019, we were delighted to welcome Sheldon and Chris onto the Board to assist with implementation of the Acquisitions. Sheldon and Chris have played significant roles in conducting due diligence on the Ausdrill Assets and

formulating the Company's business and growth strategy moving forward. On completion of the Acquisitions, Sheldon and Chris will move into Executive Director roles, I will move into the role of Non-Executive Chairman and Faldi and Nick will step down from the Board.

In a significant step towards completion of the Acquisitions, we were delighted in July 2019 to sign a conditional Financing Agreement with Westpac, one of Australia's 'Big 4' banks, to provide debt funding of \$8.8 million to assist to fund the Acquisitions. A key condition to the drawdown of the debt under this facility is the Company entering into contracts with two of Ausdrill's existing clients (or alternatively with new clients), and we are now in advanced discussions with these parties. These contracts, the acquisition of the Ausdrill Assets and the appointment of Sheldon and Chris as executive directors will form the backbone of the Company's aim to become a significant provider of production critical services and solutions to the resources, construction and utilities industries.

The Acquisitions are subject to the satisfaction of various conditions precedent. A key condition precedent, being shareholder approval of the Acquisitions, was obtained at a General Meeting of the Company held on 5 July 2019, and we thank our Shareholders for their ongoing support. It is intended that completion of the Acquisitions will facilitate the reinstatement of the Company to the Official List of the ASX.

This Prospectus includes details of the Public Offer, the Ancillary Offers, the Acquisitions and the proposed operations and growth strategy of the Company moving forward, together with key risks associated with investing in the Company. I urge you to read this Prospectus carefully and seek professional advice if required to determine whether this investment is appropriate for you.

On behalf of the board of the Company, I look forward to welcoming you as a shareholder of the Company.

Yours faithfully



Peter Hutchinson
Chairman





Key Details of the Offers

	Minimum Subscription	Full Subscription
Offer Price per Share under the Public Offer	\$0.054	\$0.054
Shares to be issued under the Public Offer	92,592,592	129,629,630
Cash raised under the Public Offer (before costs)	\$5,000,000	\$7,000,000
Total number of Shares on issue as at the date of this Prospectus	136,228,616	136,228,616
Shares to be issued under the Public Offer	92,592,592	129,629,630
Shares to be issued under the Pentium Offer	7,800,000	7,800,000
Shares to be issued under the Directors Past Services Offer ¹	24,000,000	24,000,000
Total number of Shares following completion of the Offers	260,621,208	297,658,246
Performance Rights to be issued to Executive Directors	10,000,000	10,000,000
Total number of Performance Rights following completion of the Offers²	10,000,000	10,000,000
Options on issue as at the date of this Prospectus	Nil	Nil
Options to be issued under the Chairman's Option Offer	10,000,000	10,000,000
Total number of Options following completion of the Offers³	10,000,000	10,000,000
Ownership by the Pentium Vendors on completion of the Offers (undiluted)	2.99%	2.62%
Ownership by investors under the Public Offer on completion of the Offers (undiluted) ⁴	35.53%	43.55%
Indicative market capitalisation⁵	\$14.07 million	\$16.07 million
Enterprise value⁶	\$18.60 million	\$18.73 million

Note: Refer to Section 1.8 for further details relating to the Company's proposed capital structure.

1. Refer to Section 1.2(b) for details of the Directors Past Services Offer. Not all of these Shares (or none of these Shares) will be issued if the relevant Directors elect to receive cash instead of Shares under the Directors Past Services Offer.
2. Refer to Section 8.3 for a summary of the terms and conditions of the Performance Rights.
3. Refer to Section 8.2 for the full terms and conditions of the Options, including the applicable exercise price and expiry date.
4. Assuming that no existing Shareholders participate in the Public Offer.
5. Calculated as the total number of Share on issue following completion of the Offers multiplied by the Offer Price, being \$0.054.
6. Enterprise value calculated as the market capitalisation of the Company plus the Debt Facility of \$8.8 million, less cash at listing of (\$2.67 million assuming Minimum Subscription and \$4.54 million assuming full subscription) and less GST receivable of \$1.6 million (see Section 1.7).

Indicative Timetable

Event	Date
General Meeting	5 July 2019
Lodgement of Prospectus with ASIC	11 July 2019
Opening Date of the Public Offer	18 July 2019
Closing Date of the Public Offer	16 August 2019
Issue of Securities under the Offers	20 August 2019
Despatch of holding statements	21 August 2019
Completion of the Acquisitions	23 August 2019
Expected date for re-quotation of the Shares on the Official List	30 August 2019

The above dates are indicative only and may change. The Company reserves the right to amend any and all of the above dates without notice (including, subject to the Listing Rules and the Corporations Act, to close the Offers early, to extend the Closing Date, to accept late Applications (either generally or in particular cases) or to

withdraw the Offers before Securities are issued by the Company). If the Offers are withdrawn before the issue of Securities, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offers open.



Investment Overview

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. Investors should read and consider this Prospectus in its entirety.

A. Company Overview

Who is the issuer of this Prospectus?

Vysarn Limited ACN 124 212 175

For more information, see Section 2.1

Who is, and what is the current status of, the Company?

The Company is an Australian public company that has been listed on the Official List of the ASX (ASX: VYS) since 14 December 2007.

The Company is headquartered in Perth, Western Australia.

The Company's most recent focus was on aluminium recycling and salt slag processing, operating this business until September 2015 when it closed its processing plant. The Company has largely been dormant since this time and has been suspended from trading on the ASX since 14 July 2016. Since their respective appointments to the Board, Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young have been searching for acquisition opportunities to facilitate the reinstatement of the Company to the Official List of the ASX. This has resulted in the Company entering into the agreements relating to the Acquisitions on 11 April 2019.

For more information, see Section 2.1

B. Acquisitions

What are the Acquisitions?

As announced on 11 April 2019, the Company has entered into:

- an Asset Sale Agreement with Pentium and Ausdrill (a wholly owned subsidiary of Ausdrill Limited (ASX:ASL)), pursuant to which it agreed, subject to the satisfaction of various conditions, to acquire various waterwell drilling assets (and associated inventory) used by Ausdrill to conduct its hydrogeological drilling business (formerly known as 'Connector Drilling'; and
- a Share Sale Agreement with the shareholders of Pentium pursuant to which it agreed, subject to the satisfaction of various conditions, to acquire all the issued shares of Pentium in consideration for the issue Shares in the Company, completion of which will see Pentium become a wholly owned subsidiary of the Company.

The Acquisitions will result in a material change to the nature and scale of the Company's activities, and requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules.

The key terms of the Asset Sale Agreement and the Share Sale Agreement are summarised in Section 7.1.

For more information, see Sections 2.2 and 7.1

What are the Assets?

The Assets are drilling assets (and associated equipment and inventory) currently used by Ausdrill to conduct its hydrogeological drilling business (formerly) known as 'Connector Drilling'. Details of the Assets to be acquired by the Company under the Asset Sale Agreement are set out in Section 2.2(b) of this Prospectus.

For more information, see Section 2.2(b)

What is the value of the Assets?

The Company has commissioned Slattery to prepare the Independent Valuation Report on the Assets. Slattery has valued the Assets with a market value of \$30.69 million.

A copy of the Independent Valuation Report is included in Attachment A.

For more information, see Attachment A

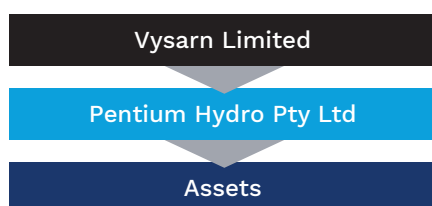
Who is Pentium?

Pentium is an Australian special purpose vehicle incorporated on 15 January 2019 by Mr Sheldon Burt and Mr Chris Brophy for the purposes of seeking drilling opportunities. Mr Burt and Mr Brophy assisted to introduce the Ausdrill Assets to the Company.

Together with the Company, Pentium has entered into the Asset Sale Agreement with Ausdrill which will result in the Company and Pentium acquiring the Assets. It is intended that completion of the Share Sale Agreement will occur just prior to completion of the Asset Sale Agreement, and the Assets will be acquired by Pentium (which will be a wholly owned subsidiary of the Company).

For more information, see Section 2.2(c)

What is the corporate structure of the Company following completion of the Acquisitions?



What is the consideration payable by the Company for the Acquisitions?

The Company has agreed to:

- pay Ausdrill \$16,000,000 for the Assets under the Asset Sale Agreement; and
- issue an aggregate of 7,800,000 Shares to the Pentium Vendors (and/or their nominees) in consideration for the acquisition of 100% of the issued shares in Pentium.

For more information, see Section 2.2

What are the conditions precedent for the Acquisitions?

Following Shareholder approval of the Acquisitions at the General Meeting held on 5 July 2019, the remaining conditions to the completion of the Assets Acquisition are:

- the Company obtaining sufficient unconditional finance to pay the purchase price of \$16,000,000;
- the Company obtaining all necessary ASX approvals required to give effect to the Acquisitions; and
- Ausdrill (and its related bodies corporate) obtaining any consents or releases required to allow the Assets to be acquired by the Company (through Pentium) free of all encumbrances.

Completion of the Pentium Acquisition is conditional upon the satisfaction (or waiver) of all the conditions precedent under the Asset Sale Agreement.

For more information, see Section 7.1

What is the Company's business model?

The Ausdrill Assets will underpin the Company's aim to become a significant provider of production critical services and solutions to the resources, construction and utilities industries.

The Company intends to generate revenue through the provision of these services and solutions which can broadly be categorised into the following:

- using the Assets to provide a range of drilling related services;

- providing design, fabrication, production and installation services for related fluid and power infrastructure;

- control system engineering, software development, data management and business reporting for related fluid and power infrastructure; and

- provision of human resources to provide ongoing support, maintenance and consulting services.

For more information, see Section 2.3

Who will be the Company's clients?

Ausdrill is currently party to a drilling services contract with Hancock Prospecting and a general works contract with Roy Hill. The Company is in advanced discussions with:

- Hancock Prospecting to have the drilling services contract assigned to the Company; and
- Roy Hill to enter into a new general works contract on substantially similar terms to the existing contract with Ausdrill,

in each case with effect from completion of the Acquisitions.

In addition, the Company is in advanced discussions with a significant drilling services company under which the Company proposes to hire one of its drill rigs to the services company on a dry hire arrangement.

Whilst the Company is in advanced discussions in respect of these arrangements, there is no guarantee that any of these contracts will be signed. However, it should be noted that drawdown under the Debt Facility is conditional on the assignment of the Hancock Contract and the Company entering into a new contractual arrangement with Roy Hill (or alternatively with a new client). As such, the Company expects that it will have at least two commercial agreements in place at the time it relists on the ASX.

For more information, see Section 2.3(c)

What is the Company's growth strategy?

The Company's overall strategy is to become a significant provider of production critical services and solutions, with an initial focus on the resources, construction and utilities industries. The Assets will enable the Company to provide a broad range of services to clients in these industries. It is expected that some of the Assets will be utilised immediately on completion of the Acquisitions, but the Company will also have capacity to provide services to new clients. A key part of the Company's initial growth strategy will be to attract clients to fully utilise the suite of Assets it will be acquiring under the Acquisitions. In conjunction with this organic growth strategy, the Company also intends to leverage its core

competencies to identify acquisition opportunities aimed at diversifying and/or bettering the services and solutions to be offered by the Company, and/or expanding the scale of the Company's operations. Such acquisition opportunities may include acquisitions:

- **in new geographies:** to diversify risk, improve market penetration and increase scale;
- **based on horizontal integration:** to enable the Company to expand and diversify the scale of its operations, achieve synergies and/or drive better customer arrangements. Such acquisitions could include the acquisition of additional production, exploration and/or resource definition drilling assets or other assets or businesses to expand the scale of the Company's operations and/or enable the Company to provide a broader or more efficient range of services to potential clients in broader industries; and
- **based on vertical integration:** to integrate with the Company's existing Assets and business to provide increased scale, achieve synergies, diversify operations and/or shorten the supply chain. Such acquisitions could include assets or businesses relating to bore flow testing, control system engineering, software development, data management and business reporting for related fluid and power infrastructure.

The Company may need to access additional equity and/or debt capital to grow its business by acquisition. The decision to complete any acquisition will only be made after detailed analysis by the Board and a satisfactory due diligence process.

For more information, see Section 2.3(g)

C. Summary of the Offers

What is the Public Offer and what are its key terms?

The Company is offering up to 129,629,630 Shares at an issue price of \$0.054 per Share to raise up to \$7,000,000 (before costs), subject to a minimum subscription of \$5,000,000 (**Public Offer**).

For more information, see Sections 1.1

Is there a minimum subscription to the Public Offer?

The minimum total aggregate subscription under the Public Offer is 92,592,592 Shares to raise \$5,000,000 (before costs). The Public Offer will not proceed if the Minimum Subscription is not achieved.

For more information, see Section 1.3

What is the Pentium Offer and what are its key terms?

The Company is offering 7,800,000 Shares to the Pentium Vendors (and/or their nominees), in consideration for the acquisition of all of the shares in Pentium under the Share Sale Agreement.

The Pentium Offer may only be accepted by the Pentium Vendors (and/or their nominees).

The issue of Shares to the Pentium Vendors under the Pentium Offer was approved by Shareholders at the General Meeting.

For more information, see Section 1.2(a)

What is the Directors Past Services Offer and what are its key terms?

The Company is offering 24,000,000 Shares in aggregate to Mr Hutchinson (15,500,000 Shares), Mr Ismail (4,250,000 Shares) and Mr Young (4,250,000 Shares) (and/or their nominees), in consideration for past services performed by them as Directors of the Company.

Since their respective appointments (Mr Ismail and Mr Young in December 2016 and Mr Hutchinson in October 2017), each of these Directors have committed significant time and effort into restructuring and operating the Company (which does not have any full time employees or contractors), and seeking and considering various acquisition opportunities to facilitate the reinstatement of the Company to Official Quotation. Mr Hutchinson resigned as Chairman of Mareterram Limited in November 2017 so that he could carry out these responsibilities on a full-time basis as Executive Chairman. Since his appointment, Mr Hutchinson has not received any director fees (or any other kind of remuneration or benefit) nor sought reimbursement for any expenses incurred in carrying out his responsibilities as Chairman. From the time of Mr Hutchinson's appointment until recently, Messrs Ismail and Young have also not received any director fees (or any other kind of remuneration or benefit) from the Company. The Directors Past Services Offer is intended to remunerate these Directors for their services, and may only be accepted by Mr Hutchinson, Mr Ismail and Mr Young (and/or their nominees).

The issue of Shares to Mr Hutchinson, Mr Ismail and Mr Young was approved by Shareholders at the General Meeting.

For more information, see Section 1.2(b)

What is the Chairman's Option Offer and what are its key terms?

The Company is offering 10,000,000 Options to the Chairman (Mr Peter Hutchinson) (and/or his nominees), to align his interests with that of Shareholders and provide incentives by enabling him to participate in the future growth and success of the Company.

The Chairman's Option Offer may only be accepted by Mr Hutchinson (or his nominees).

The issue of 10,000,000 Options to Mr Hutchinson was approved by Shareholders at the General Meeting.

For more information, see Section 1.2(c)

What is the purpose of the Ancillary Offers?

The purpose of the Pentium Offer, Directors Past Services Offer and Chairman's Option Offer (together, the **Ancillary Offers**) is detailed above. Further, making the Ancillary Offers pursuant to this Prospectus will remove the need for an additional disclosure document to be issued upon the sale of any Shares (or any Shares issued upon the conversion of the Options) that are issued under the Ancillary Offers.

For more information, see Section 1.6

What are the remaining conditions of the Public Offer and the Ancillary Offers?

Completion of the Public Offer and the Ancillary Offers are conditional on:

- the Company receiving conditional approval from the ASX for re-quotation of the Shares on the Official List on terms which the Board reasonably considers are capable of satisfaction;
- the Company determining that it can satisfy the conditions to draw down under the Westpac Debt Facility; and
- the Company achieving the Minimum Subscription.

If the above conditions are not satisfied, the Company will not proceed with the Public Offer and will return to Applicants all the Application Monies (without interest) in accordance with the provisions of the Corporations Act.

If the Public Offer does not proceed, the Company will not proceed with the Ancillary Offers.

For more information, see Sections 1.3 and 1.5

What is the purpose of the Public Offer?

The purpose of the Public Offer is to:

- assist the Company to meet the requirements of the ASX and satisfy Chapters 1 and 2 of the Listing Rules;
- provide the Company with sufficient funds to complete the Acquisitions;
- provide the Company with funding, following completion of the Acquisitions, to pursue its business strategy and seek to achieve its objectives; and
- provide the Company with additional working capital for its business following completion of the Acquisitions.

The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient funds to pursue its stated objectives.

For more information, see Section 1.6

What is the proposed use of funds raised pursuant to the Public Offer?

Completion of the Public Offer will raise total proceeds of up to \$7,000,000 (before costs), subject to the minimum subscription of \$5,000,000. The Company has also entered into the conditional Financing Agreement to obtain debt funding from Westpac of \$8,800,000. The following table shows the use and expected use of available funds from 31 March 2019 (being the date of the Company's last quarterly report) and in the two year period following re-admission of the Company to the Official List:

Funds Available	Minimum Subscription	Full Subscription
Cash position of the Company as at 31 March 2019 ¹	\$7,373,000	\$7,373,000
Funds raised under the Public Offer	\$5,000,000	\$7,000,000
Debt funding	\$8,800,000	\$8,800,000
Total Funds Available	\$21,173,000	\$23,173,000

¹ This was the Company's cash balance as at 31 March 2019 as disclosed in the Company's quarterly report released on the ASX on 26 April 2019.

Allocation of Funds	Minimum Subscription	Full Subscription
Purchase price of the Assets	\$16,000,000	\$16,000,000
Net operating costs since 31 March 2019 ¹	\$123,000	\$123,000
Payments to Directors ²	-	\$1,296,000
Debt Facility instalment repayment ³	\$800,000	\$800,000
Working Capital ⁴	\$3,360,000	\$3,934,000
Costs associated with the Public Offer and Acquisitions ⁵	\$890,000	\$1,020,000
Total	\$21,173,000	\$23,173,000

1 Excludes costs of the Offers and Acquisitions which is presented separately below.

2 The Company has obtained Shareholder approval to provide cash and/or Shares to a total aggregate value of \$1,296,000 to Mr Hutchinson, Mr Ismail and Mr Young in consideration for services rendered to the Company by these Directors. Mr Hutchinson, Mr Ismail and Mr Young will make their election whether to receive Shares and/or cash having regard to the amount raised under the Public Offer. See Section 1.2(b) for details.

3 Under the terms of the Financing Agreement, the Company will repay \$800,000 of the Debt Facility within 4 months of draw down. Refer to Section 7.2 for key terms of the Financing Agreement.

4 The Company will pay GST of \$1,600,000 in acquiring the Assets, but expects to receive a full GST refund for this amount. This amount has been included in working capital.

5 Some of these costs have been paid.

For more information, see Section 1.7

Is the Public Offer underwritten?

No, the Public Offer is not underwritten.

For more information, see Section 1.19

Who is the Lead Manager?

Otsana Pty Ltd trading as Otsana Capital is the Lead Manager to the Public Offer.

For more information, see Section 7.3

Can the Offers be withdrawn?

Yes, the Directors may at any time decide to withdraw this Prospectus and the Public Offer in which case the Company will return all Application Monies (without interest) in accordance with the provisions of the Corporations Act.

If the Public Offer does not proceed, the Company will not proceed with the Ancillary Offers.

For more information, see Section 1.18

What are the terms of the Securities offered pursuant to this Prospectus?

A summary of the rights and liabilities attached to the Shares offered pursuant to this Prospectus is detailed in Section 8.1.

The terms and conditions of the Options offered under the Chairman's Option Offer are set out in Section 8.2.

For more information, see Section 8

What are the effects of the Offers on the capital structure of the Company?

The Company's capital structure as at the date of this Prospectus and immediately following completion of the Acquisitions and the Offers will be as follows:

	Minimum Subscription	%
Existing Shares	136,228,616	52.3
Pentium Securities	7,800,000	3.0
Director Shares	24,000,000	9.2
Public Offer Shares	92,592,592	35.5
Total Shares	260,621,208	100
Performance Rights ¹	10,000,000	
Options to be issued under the Chairman's Option Offer²	10,000,000	

	Full Subscription	%
Existing Shares	136,228,616	45.8
Pentium Securities	7,800,000	2.6
Director Shares	24,000,000	8.1
Public Offer Shares	129,629,630	43.5
Total Shares	297,658,246	100
Performance Rights ¹	10,000,000	
Options to be issued under the Chairman's Option Offer²	10,000,000	

1 For further detail on the issue of Performance Rights to the Executive Directors, see Section 8.3.

2 Refer to Section 8.2 for the full terms and conditions of the Options, including the applicable exercise price and expiry date.

Sections 1.8, 1.9 and 8

Who are the substantial Shareholders?

As at the date of this Prospectus, the Company has two shareholders holding 5% or more of the Shares on issue, being Molonglo Pty Ltd (an entity controlled by Mr Peter Hutchinson) with 16,978,955 Shares (12.46%) and Invia Custodian Pty Limited with 14,592,325 Shares (10.71%).

Following completion of the Acquisitions and the Offers, of the Company's existing Shareholders, it is expected that both Molonglo Pty Ltd and Invia Custodian Pty Limited will continue to be substantial Shareholders of the Company assuming Minimum Subscription under the Public Offer, and (assuming Invia Custodian Pty Limited does not participate in the Public Offer) only Molonglo Pty Ltd will continue to be a substantial Shareholder of the Company assuming full subscription under the Public Offer.

Other persons may become substantial Shareholders of the Company following completion of the Acquisitions and the Offers depending on their degree of participation in the Public Offer.

No person will acquire control of, or voting power of 20% or more in, the Company as a result of the Acquisitions.

For more information, see Section 1.10

Will the Company require debt to complete the Acquisitions?

Yes. A condition of the Asset Sale Agreement is that the Company secures enough unconditional finance to pay the purchase price of \$16,000,000. The Company intends to satisfy this condition through existing cash reserves, funds raised under the Public Offer and the Debt Facility.

The Company has entered into the Financing Agreement with Westpac under which Westpac has agreed to provide the \$8.8 million Debt Facility to the Company subject to the satisfaction of certain conditions. These conditions as well as other key terms of the Financing Agreement are set out in Section 7.2.

For more information, see Sections 7.1 and 7.2

D. Re-compliance with Chapters 1 and 2 of the Listing Rules

What approvals were sought at the General Meeting?

At the Company's General Meeting held on 5 July 2019, Shareholders approved:

- the change in nature and scale of the activities of the Company as a result of the Acquisitions;
- the issue of Pentium Securities to the Pentium Vendors;
- the issue of Shares under the Public Offer;
- each Director's participation in the Public Offer;
- the payment of cash to Mr Hutchinson, Mr Ismail and Mr Young or issue of Securities under the Directors Past Services Offer;
- the issue of Performance Rights to each Executive Director;
- the issue of the 10,000,000 Options under the Chairman's Options Offer to the Chairman;

- the election of the Executive Directors. The Executive Directors were appointed as new additions to the Board on 15 May 2019 and were required to retire and seek re-election at the General Meeting in accordance with the Company's Constitution;
- the adoption of a new constitution; and
- the approval of providing indemnity insurance to the Directors.

For more information, see Section 1.4

Why does the Company need to re-comply with Chapters 1 and 2?

The ASX has advised the Company that, given the Company is acquiring a number of new assets, it has exercised its discretion under Listing Rule 11.1.3 and requires the Company to re-comply with the admission requirements of Chapters 1 and 2 of the Listing Rules in connection with the Acquisitions.

At the General Meeting, the Company obtained Shareholder approval for, among other things, a change in the nature and scale of the Company's activities as a result of the Acquisitions. To give effect to these changes, the ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

There is a risk that the Company may not be able to meet the requirements of re-quotations on the ASX. If the conditions of the Offers are not satisfied, or the Company does not receive conditional approval for re-quotations on the ASX on terms which the Board reasonably believes are capable of satisfaction, then the Company will not proceed with the Public Offer and will repay all Application Monies received (without interest). If the Company does not proceed with the Public Offer, the Company will not proceed with the Ancillary Offers.

For more information, see Sections 1.4 and 1.5

E. Financial Information

What is the Company's and Pentium's financial prospects and position?

Based on the reviewed pro-forma Consolidated Statement of Financial Position of the Company as at 31 December 2018, as a result of the Acquisitions, the Debt Facility of \$8,800,000, and the Offers (on the basis that the Minimum Subscription is achieved and Mr Hutchinson, Mr Ismail and Mr Young elect to subscribe for Shares under the Directors Past Services Offer), the Company will have:

- total assets of approximately \$20.74 million;
- total liabilities of approximately \$8.84 million; and
- net assets of approximately \$11.90 million.

At completion of the Acquisitions, taking into account the Debt Facility of \$8,800,000 and completion of the Offers (assuming that the Minimum Subscription is achieved and Mr Hutchinson, Mr Ismail and Mr Young elect to subscribe for shares under the Directors Past Services Offer), and after taking into account the costs of the Acquisitions and the Offers and GST payable on the Assets, the Company will have cash and cash equivalents of approximately \$2.56 million. The Company expects to receive a full GST refund from the acquisition of the Assets of \$1.6 million but will repay \$800,000 under the Debt Facility within 4 months of draw down, and as such expects to have working capital moving forward of at least approximately \$3.36 million.

A summary of the relevant Financial Information in respect of the Company and Pentium, including the Pro Forma Statement of Financial Position detailing the effect of the Acquisitions (including the Public Offer), is detailed in Section 4.

For more information, see Section 4

What is the financial outlook for the Company following the Acquisitions and completion of the Offers?

The long-term financial prospects of the Company is largely dependent upon the outcome of the Company's drilling services activities.

After considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared, and accordingly, financial forecasts have not been included in this Prospectus.

For more information, see Section 4

Will the Company have sufficient funds for its activities?

The Board believes that its current cash reserves and the funds raised from the Public Offer and available under the Debt Facility will provide the Company with sufficient working capital to achieve the Company's objectives as detailed in this Prospectus.

For more information, see Section 1.7

What is the Company's dividend policy?

The Company does not intend to declare or pay any dividends in the immediately foreseeable future. The extent, timing and payment of any dividends declared or payable in the future will be determined by the Directors, based on a number of factors, including future earnings and the Company's financial position.

For more information, see Section 1.21

F. Key Risks

What are the key risks of investing in the Company?

Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are detailed in Section 6.

■ Conditional Acquisition and Re-compliance with Chapters 1 and 2 of the Listing Rules:

As part of the Company's change in nature and scale of activities, the ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus has been issued to assist the Company to re-comply with these requirements. It is anticipated that the Shares will remain suspended until completion of the Public Offer, completion of the Acquisitions, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions the ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that the Shares will consequently remain suspended from quotation.

Further, pursuant to the ASX's long term suspended entities policy in the ASX Guidance Note 33, the ASX will automatically remove from the Official List any entity whose securities have been suspended from trading for a continuous period of three years. As the Company's securities have been suspended from Official Quotation since 14 July 2016, it will be required to seek an extension to the delisting deadline from the ASX to complete the Acquisitions. As detailed in the indicative timetable on page 12, the Company anticipates that completion of the Acquisitions will occur in late August 2019. ASX Guidance Note 33 provides that in these circumstances, the ASX may grant an extension to the delisting deadline of up to 3 months, provided the Company is in the 'final stages' of implementing the Acquisitions. The Company expects to be able to demonstrate to the ASX that it is in the 'final stages' of implementing the Acquisitions with the lodgement of this Prospectus being the final condition to be granted the extension from the ASX to the delisting deadline. The Company will release an ASX announcement to advise the market if it is granted an extension and the period of the extension. However, the ASX has ultimate discretion and there is no guarantee that an extension will be granted. If the ASX does not grant the extension, or if an extension is granted but the Company fails to complete the Acquisitions and relist by the extended delisting date, the Acquisitions will not proceed, and the Company will be removed from the Official List of the ASX.

- **Contractual and completion risk:** Completion of the Asset Sale Agreement and Share Sale Agreement is subject to fulfilment of certain conditions precedent. If any of the conditions precedent are not satisfied or waived, or any of the counterparties do not comply with their obligations, completion of the Acquisitions may be deferred or not occur. Further, draw down under the Debt Facility is conditional on the satisfaction of various conditions. If these conditions are not satisfied or waived, the Company will not be able to draw down funds under the Debt Facility and will not have sufficient funds to complete the Acquisitions. Failure to complete the Acquisitions would mean the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares, and the Company will remain suspended from quotation until such time as the Company does re-comply with the Listing Rules.
- **Dilution risk:** The Company currently has 136,228,616 Shares on issue. On completion of the Acquisitions, the Company will issue various Securities as detailed in this Prospectus.

The dilutionary effect of the issue of these Securities on both a Minimum Subscription and full subscription basis is set out in Section 1.8.

Further, if the performance conditions attaching to the Executive Performance Rights are met and these performance rights are converted into Shares, and/or if the Options issued under the Chairman's Option Offer are exercised, it will result in further dilution.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the future development of the Company.
- **New Business:** The Company is acquiring the Assets to establish a new business. The Company's ability to generate revenue will depend on the Company being successful in attracting and retaining clients. Whilst the incoming Executive Directors have extensive industry experience, there is no guarantee that the Company will be successful in attracting and retaining clients. Potential clients may be resistive to the fact the services will be provided by a newly established business. Any new clients will be subject to the parties entering into commercial agreements which will be subject to negotiations, and there is no guarantee that any agreements will be entered into.

As detailed in Section 2.3(c), the Company is in advanced discussions with a number of parties with respect to entering into commercial contracts, however there can be no guarantee that these contracts will be signed.

- **Demand risk:** The Company's business depends on, among other things, the level of activity in the industries it will service, in particular the resources, construction and utilities industries. The level of activity in these industries will depend on a number of factors outside of the Company's control. A decline in the level of activity in these industries could impact on the demand for the services to be offered by the Company, which could affect its performance.
- **Technology risk:** The drilling industry (like many other industries) is subject to the risk that advances in technology could partly or completely displace existing assets or services. If new technology is developed that could offer the services to be provided by the Company in a better or more efficient way, it could adversely affect the Company's ability to service clients and obtain new clients, which could affect its performance.
- **Operational risks and Asset conditions and maintenance:** The Company's business will depend significantly on the Assets, and the ability of the Assets to perform the services to be offered by the Company. The Company will put in place adequate procedures to ensure the Assets are properly maintained and in good working condition through regular maintenance, including both preventative and planned measures. However, there is the risk that the Assets may be faulty or break down or not perform to the levels expected by the Company, which could have an adverse effect on the Company's operating and financial performance.

In addition to equipment failures, the Company may be exposed to information technology system failures, external services failure, industrial action or disputes and natural disasters. The Company will take steps to mitigate these operational risks and to insure against them but cannot completely guard itself against these risks. Any disruption to the Company's intended operations could have an adverse impact on its performance.
- **Reliance on key management personnel and labour shortages:** The Company will be reliant on a number of key personnel and consultants. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be difficult for the Company to attract and retain suitably qualified and experienced people, due to the relatively small size of the Company, compared with other industry participants.

Further, the Company's business will be reliant on its ability to attract and retain appropriately skilled staff to be able to operate the Assets and support the Company's operations. The Company may undertake projects in remote

locations where there may be an increased risk of labour shortages and/or the costs of labour may be higher. A failure by the Company to attract and/or retain staff may adversely affect the Company's performance.

Competition: The Company will be subject to competition from other operators in the resources, construction and infrastructure drilling services industries internationally and domestically. As a new business, the Company will face competitors who have an established foothold and existing contracts and industry contacts. The Company considers that it will be well placed to complete for tenders, having regard to the Assets it is acquiring, the experience and network of the Directors and the Company's capacity to expand, however this cannot be guaranteed.

For more information, see Section 6

G. Directors and Related Party Interests and Arrangements

Who are the directors of the Company on re-admission to the Official List?

Subject to completion of the Acquisitions, on re-admission to the Official List, it is intended the Board will comprise:

- Mr Peter Hutchinson – Non-Executive Chairman;
- Mr Sheldon Burt – Executive Director; and
- Mr Chris Brophy – Executive Director.

Mr Nicholas Young and Mr Faldi Ismail, who are current Directors, intend to resign as Directors following completion of the Acquisitions.

Refer to Section 3.2 for details of the Directors' qualifications and experience. Details of the personal interests in the Company of each of the Directors are in Sections 9.1 to 9.3.

For more information, see Sections 3.1, 3.2, 9.1 to 9.3

What interests do the Directors have in the Securities and the Offers?

The interests of the Directors including details of their remuneration and the Securities held by them are detailed in Sections 9.1 to 9.3.

For more information, see Sections 9.1 to 9.3

What contracts and/or arrangements with related parties is the Company a party to?

The only material contracts with related parties that the Company is party to are the following:

- executive services agreement and non-executive director appointment letters with each of the continuing Directors for their engagement;
- fee agreements with each of Mr Hutchinson, Mr Ismail and Mr Young in respect of their past services rendered to the Company;
- deeds of indemnity, insurance and access with each of the continuing Directors;
- the Share Sale Agreement with the Pentium Vendors; and
- a corporate advisory and lead manager mandate with Otsana Capital under which the Company appointed Otsana Capital to be corporate advisor to the Company to the Acquisitions and lead manager to the Public Offer.

Mr Faldi Ismail and Nicholas Young, are Directors and shareholders of Otsana Capital.

For more information, see Sections 7.3 to 7.7

H. Applications and Other Information

How can I apply for Shares under the Public Offer?

You may apply for Shares offered pursuant to the Public Offer by completing an Application Form attached to, or accompanying, this Prospectus.

Applications under the Public Offer must be for a minimum of \$2000 (37,038 Shares) and thereafter in multiples of \$500 (9,260 Shares) and payment for all the Shares must be made in full at the issue price of \$0.054 per Share. To the extent permitted by law, a completed Application Form lodged together with a cheque for the Application Monies (if applicable) constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form.

For more information, see Section 1.13(a)

How to apply for Shares under the Pentium Offer?

Applications for Shares under the Pentium Offer may only be made by the Pentium Vendors (and/or their nominees).

A personalised Application Form will be issued to each Pentium Vendor, together with a copy of the Prospectus.

For more information, see Section 1.13(b)

How to apply for Shares under the Directors Past Services Offer?

Applications for Shares under the Directors Past Services Offer may only be made by Mr Hutchinson, Mr Ismail and Mr Young (and/or their nominees).

A personalised Application Form will be issued to Mr Hutchinson, Mr Ismail and Mr Young, together with a copy of this Prospectus.

For more information, see Section 1.13(c)

How the Chairman can apply for Options under the Chairman's Option Offer

The Chairman's Option Offer may only be accepted by the Chairman (and/or his nominees).

A personalised Application Form will be issued to the Chairman, together with a copy of this Prospectus.

For more information, see Section 1.13(d)

What is the allocation policy?

The allotment of Shares under the Public Offer will be determined by the Directors in consultation with the Lead Manager. The Directors reserve the right to issue Shares in full for any Application or any lesser number or to decline any Application. Any decision on allocation will be made after the Public Offer has closed. The Directors will have full discretion in relation to the allocation of Shares under the Public Offer, but intend to prioritise any applications from existing Shareholders. Refer to Section 1.13(a) on how to apply.

For more information, see Section 1.14

Will any Securities be subject to escrow?

The Shares issued pursuant to the Public Offer will not be subject to escrow restrictions, but it is anticipated that some of the Securities to be issued under the Ancillary Offers may be subject to ASX imposed escrow restrictions.

Refer to Section 1.12 for details of Restricted Securities and escrow arrangements.

For more information, see Section 1.12

Is there any brokerage, commission or stamp duty payable by Applicants?

No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Securities pursuant to the Offers.

For more information, see Section 1.24

What are the tax implications of investing in the Company?

The tax consequences of any investment in Shares will depend on your personal circumstances. You should obtain your own tax advice before deciding to invest in the Company.

For more information, see Section 1.25

How can I obtain further information?

Further information can be obtained by reading this Prospectus in its entirety and consulting your professional advisers. You can also contact the Company Secretary on +61 8 9486 7244.

For more information, see Section 1.26





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

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1. Details of Offers

1.1 The Public Offer

This Prospectus invites investors to apply for up to 129,629,630 Shares at an issue price of \$0.054 per Share to raise up to \$7,000,000 (before costs), subject to a Minimum Subscription of 92,592,592 Shares at an issue price of \$0.054 per Share to raise \$5,000,000. (**Public Offer**).

The Shares offered under this Prospectus are of the same class and will rank equally in all respects with existing fully paid ordinary Shares on issue. Refer to Section 8.1 for details of the rights and liabilities attaching to the Shares.

Refer to Section 1.13(a) for details on how to apply for Shares under the Public Offer.

1.2 The Ancillary Offers

(a) Pentium Offer

This Prospectus also includes an offer of 7,800,000 Shares to the Pentium Vendors (and/or their nominees) pursuant to the Share Sale Agreement (**Pentium Securities**), in consideration for the acquisition of the entire issued capital of Pentium. The material terms and conditions of the Share Sale Agreement are summarised in Section 7.1.

The Shares to be issued under the Pentium Offer are of the same class and will rank equally in all respects with the existing Shares. Refer to Section 8.1 for details of the rights and liabilities attaching to Shares.

Pentium Vendors should refer to Section 1.13(b) for details of how to accept the Pentium Offer.

Some or all of the Pentium Securities may be subject to escrow restrictions in accordance with Chapter 9 of the Listing Rules.

(b) Directors Past Services Offer

This Prospectus also includes an offer of an aggregate of up to 24,000,000 Shares to Mr Hutchinson, Mr Ismail and Mr Young (and/or their nominees).

At the General Meeting, Shareholders approved:

- (i) the issue of up to 15,500,000 Shares or payment of \$837,000 to Mr Peter Hutchinson (or a combination of Shares and cash to a total value of up to \$837,000);
- (ii) the issue of up to 4,250,000 Shares or payment of \$229,500 to Mr Faldi Ismail (or a combination of Shares and cash to a total value of up to \$229,500); and

- (iii) the issue of up to 4,250,000 Shares or payment of \$229,500 to Mr Nicholas Young (or a combination of Shares and cash to a total value of up to \$229,500),

in consideration for past services performed by each of Mr Hutchinson, Mr Ismail and Mr Young as Directors of the Company.

Since their respective appointments (Mr Ismail and Mr Young in December 2016 and Mr Hutchinson in October 2017), each of these Directors have committed significant time and effort into restructuring and operating the Company (which does not have any full time employees or contractors), and seeking and considering various acquisition opportunities to facilitate the reinstatement of the Company to Official Quotation. Mr Hutchinson resigned as Chairman of Mareterram Limited in November 2017 so that he could carry out these responsibilities on a full-time basis as Executive Chairman. Since his appointment, Mr Hutchinson has not received any director fees (or any other kind of remuneration or benefit) nor sought reimbursement for any expenses incurred in carrying out his responsibilities as Chairman. From the time of Mr Hutchinson's appointment until recently, Messrs Ismail and Young have also not received any director fees (or any other kind of remuneration or benefit) from the Company.

Mr Hutchinson, Mr Ismail and Mr Young have the right to elect whether to receive the consideration as Shares or cash (or a combination of both, as detailed above). In the event they elect to receive cash, they may also use these fees to invest under the Public Offer. They intend to make this election having regard to the amount secured under the Public Offer so as to ensure that the Company will have total available funds of at least \$20,373,000 (just prior to completion of the Acquisitions, net of operating expenses since 1 April 2019 and before transaction costs).

Mr Hutchinson, Mr Ismail and Mr Young should refer to Section 1.13(c) for details of how to accept the Directors Past Services Offer.

Some or all of the Shares issued under the Directors Past Services Offer may be subject to escrow restrictions in accordance with Chapter 9 of the Listing Rules.

(c) Chairman's Option Offer

This Prospectus also includes an offer of 10,000,000 Options to the Chairman (Mr Peter Hutchinson) (and/or his nominees). Mr Hutchinson is the Chairman of the Company and has agreed not to receive any cash fees for this role for the first 6 months following completion of the Acquisitions. The offer of Options to Mr Hutchinson is intended to reward him for his services as Chairman and to further align his interests with that of Shareholders.

The terms and conditions of the Options are set out in Section 8.2.

Some or all of the Options may be subject to escrow restrictions in accordance with Chapter 9 of the Listing Rules.

1.3 Minimum Subscription

The minimum subscription under the Public Offer is \$5,000,000 (being 92,592,592 Shares) (before associated costs) (**Minimum Subscription**).

None of the Securities offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within four months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

1.4 Re-compliance with the Listing Rules

Acquisition Resolutions

At the Company's General Meeting held on 5 July 2019, Shareholders approved the following:

- (a) the change in nature and scale of the activities of the Company as a result of the Acquisitions (**Change of Activities**);
- (b) the issue of Shares under the Public Offer;
- (c) the issue of Pentium Securities to the Pentium Vendors;
- (d) each Director's participation in the Public Offer;
- (e) the issue of Shares and/or payment of cash to Mr Hutchinson, Mr Ismail and Mr Young in consideration for past services rendered by these Directors;
- (f) the issue of Performance Rights to Mr Burt and Mr Brophy;
- (g) the issue of incentive Options to the Chairman;
- (h) the election of the Executive Directors. The Executive Directors were appointed as new additions to the Board on 15 May 2019 and were required to retire and seek re-election at the General Meeting in accordance with the Company's Constitution;

- (i) the adoption of a new constitution; and
- (j) the approval of providing indemnity insurance to the Directors.

Re-Compliance with Chapters 1 and 2 of the Listing Rules

To give effect to the Change of Activities, the ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

Trading in Shares on the ASX has been suspended since 14 July 2016 and will not be reinstated until the Company re-complies with the requirements of Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements for re-quotation on the ASX. In the event the conditions of the Offers are not satisfied or the Company does not receive conditional approval for re-quotation on the ASX on terms which the Board reasonably believes are capable of satisfaction, the Company will not proceed with the Public Offer and will repay Application Monies received (without interest). If the Company does not proceed with the Public Offer, the Company will not proceed with the Ancillary Offers.

The Company will apply to the ASX no later than seven days from the date of this Prospectus for Official Quotation of the Shares issued pursuant to this Prospectus. If the Shares are not admitted to quotation within three months after the date of this Prospectus, no Shares will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

The Company will not apply to the ASX for Official Quotation of the other Securities to be issued pursuant to this Prospectus.

Neither the ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that the ASX may grant Official Quotation to the Shares issued pursuant to this Prospectus is not taken in any way as an indication by the ASX as to the merits of the Company or the Shares.

1.5 Conditional Offers

Completion of the Public Offer and each Ancillary Offer is conditional on:

- (a) the Company receiving conditional approval for re-quotation of the Shares on the Official List on terms which the Board reasonably considers are capable of satisfaction;
- (b) the Company determining that it can satisfy the conditions to draw down under the Debt Facility in accordance with the Financing Agreement; and
- (c) the Company achieving the Minimum Subscription (refer to Section 1.3).

If the above conditions are not satisfied, the Company will not proceed with the Public Offer or the Ancillary Offers and will return to Applicants all the Application Monies (without interest) in accordance with the provisions of the Corporations Act.

If the Public Offer does not proceed, the Company will not proceed with the Ancillary Offers.

1.6 Purpose of the Offers

The purpose of the Offers is to:

- (a) assist the Company to complete the Acquisitions and meet the requirements of the ASX and satisfy Chapters 1 and 2 of the Listing Rules;
- (b) provide the Company with sufficient funding to:
 - (i) assist it to achieve the objectives detailed in Section 2;
 - (ii) satisfy the working capital requirements for the Company's future expanded business, following completion of the Acquisitions; and
 - (iii) meet the costs of the Offers;

- (c) facilitate the issue of other Securities to be issued in connection with the Acquisitions and the reinstatement of the Company to Official Quotation; and
- (d) remove the need for an additional disclosure document to be issued upon the sale of any Shares that are to be issued under the Public Offer by retail investors or the sale of any Shares issued under or upon exercise of Options that are issued under the Ancillary Offers.

1.7 Use of Funds

As detailed in the Company's latest quarterly report released on the ASX on 26 April 2019, the Company had cash reserves of \$7,373,000 as at 31 March 2019. The Company will conduct the Public Offer of between \$5 million to \$7 million and has entered into the Financing Agreement under which Westpac has agreed to provide the \$8.8 million Debt Facility to the Company.

The following table shows the use and expected use of available funds from 31 March 2019 and in the two year period following re-admission of the Company to the Official List:

Table 1.1: Sources and Uses of Proceeds of the Public Offer

Funds Available	Minimum Subscription	Full Subscription
Cash position of the Company as at 31 March 2019	\$7,373,000	\$7,373,000
Funds raised under the Public Offer	\$5,000,000	\$7,000,000
Debt Facility	\$8,800,000	\$8,800,000
Total Funds Available	\$21,173,000	\$23,173,000

Allocation of Funds	Minimum Subscription	Full Subscription
Purchase price of the Assets	\$16,000,000	\$16,000,000
Net operating costs since 31 March 2019 ¹	\$123,000	\$123,000
Payments to Directors ²	-	\$1,296,000
Debt Facility instalment repayment ³	\$800,000	\$800,000
Working Capital ⁴	\$3,360,000	\$3,934,000
Costs associated with the Offers and Acquisitions ⁵	\$890,000	\$1,020,000
Total	\$21,173,000	\$23,173,000

Notes:

- Excludes costs of the Offers and Acquisitions which is presented separately below.
- As detailed in this Prospectus, the Directors Past Services Offer allows Mr Hutchinson, Mr Ismail and Mr Young to elect to subscribe for Shares or be paid cash (or a combination of both), in consideration for past services provided to the Company. Mr Hutchinson, Mr Ismail and Mr Young have advised that if they elect to receive their respective cash payments instead of Shares, they may apply all or part of these cash payments to subscribe for Shares under the Public Offer.
- Under the terms of the Financing Agreement, the Company will repay \$800,000 of the Debt Facility within 4 months of draw down. Refer to Section 7.2 for key terms of the Financing Agreement.
- The Company will pay GST of \$1,600,000 on the acquisition of the Assets but expects to receive a full GST refund which will be applied towards working capital. The working capital amount in this table includes this refund.
- Some of these costs have been paid.

The above is a statement of current intention as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds detailed in the above table may change depending on a number of factors, including the outcome of operational activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The Board believes that its current cash reserves and the funds raised from the Public Offer will provide the Company with sufficient working capital to achieve the Company's objectives as detailed in this Prospectus. Part of the working capital will be used to cover scheduled maintenance costs in relation to the Company's drill rigs which will be incurred once the Company has entered into a contract. Five of the Company's drill rigs are able to be mobilised for an average cost of approximately \$15,000 each, while the remaining five drill rigs will require an average premobilisation maintenance cost of approximately \$150,000 per drill rig as and when required.

The above estimated expenditures will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities. Due to market conditions, the development of new opportunities or any number of other factors (including the risk factors outlined in Section 6), actual expenditure levels may differ significantly to the above estimates. The Board will consider the use of further debt or equity funding where it is appropriate to expand the sale and marketing efforts, accelerate a specific product development or capitalise on other opportunities as they arise.

1.8 Capital Structure

On the basis that the Company completes the Public Offer and the Ancillary Offers (on the basis that Mr Hutchinson, Mr Ismail and Mr Young elect to subscribe for their full entitlement to Shares under the Directors Past Services Offer) and the Acquisitions, the Company's capital structure will be as follows:

Table 1.2: Capital Structure¹

	Shares (Minimum Subscription)	Shares (Full Subscription)	Performance Rights	Options
On issue as at the date of this Prospectus	136,228,616	136,228,616	-	-
To be issued pursuant to the Public Offer	92,592,592	129,629,630	-	-
To be issued pursuant to the Directors Past Services Offer ²	24,000,000	24,000,000	-	-
To be issued pursuant to the Pentium Offer	7,800,000	7,800,000	-	-
To be issued pursuant to the Chairman's Option Offer	-	-	-	10,000,000
To be issued to the Executive Directors ³	-	-	10,000,000	-
Total	260,621,208	297,658,246	10,000,000	10,000,000

Notes:

1. Refer to Section 8 for the terms and conditions of the Shares and Options being offered under this Prospectus.
2. Refer to Section 1.2(b) for details of the Directors Past Services Offer. Not all of these Shares (or none of these Shares) will be issued if the relevant Directors elect to receive cash instead of Shares under the Directors Past Services Offer.
3. The Executive Director Performance Rights to be issued as follows:
 - a. 5,000,000 Performance Rights to Mr Sheldon Burt (or his nominees); and
 - b. 5,000,000 Performance Rights to Mr Chris Brophy (or his nominees).

1.9 Effect on Control

The Directors do not expect any Shareholder will control (as defined by section 50AA of the Corporations Act) the Company on completion of the Acquisitions and the Offers and will allocate Shares so that the issue of Shares pursuant to this Prospectus will not result in any Shareholder or Applicant increasing its voting power in the Company:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

1.10 Substantial Shareholders

As at the date of this Prospectus, Shareholders holding a relevant interest in 5% or more of the Shares on issue are as follows:

Table 1.4: Substantial Holders as at the Date of this Prospectus

Name	Number of Shares	Percentage of Shares
Molonglo Pty Ltd ¹	16,978,955	12.46%
Invia Custodian Pty Limited	14,592,325	10.71%

¹ An entity controlled by Mr Peter Hutchinson

Based on the information known at the date of this Prospectus, following completion of the Acquisitions and the Offers, of the Company's existing Shareholders, it is expected that both Molonglo Pty Ltd and Invia Custodian Pty Limited will continue to be substantial Shareholders of the Company assuming Minimum Subscription under the Public Offer, and (assuming Invia Custodian Pty Limited does not participate in the Public Offer) only Molonglo Pty Ltd will continue to be a substantial Shareholder of the Company assuming full subscription under the Public Offer.

Other persons may become substantial Shareholders of the Company following completion of the Acquisitions and the Offers depending on their degree of participation in the Public Offer.

At the General Meeting, Shareholders approved Mr Hutchinson (or his nominee) to participate in the Public Offer to a maximum extent of 20,129,630 Shares (subscription amount of \$1,087,000), as well as the issue of up to 15,500,000 Shares to Mr Hutchinson (or his nominee) under the Directors Past Services Offer. Mr Hutchinson has advised the Company that in the event he elects to receive 15,500,000 Shares (instead of cash) under the Directors Past Services Offer, his current intention is that the maximum extent to which he would participate in the Public Offer is 4,629,630 Shares (subscription amount of \$250,000). As such, the

maximum number of Shares Molonglo Pty Ltd and Mr Hutchinson will have a relevant interest in on completion of the Acquisitions and Offers is 37,108,585 Shares (being the 16,978,955 Shares currently held plus the maximum number of 20,129,630 Shares Mr Hutchinson may acquire under the Public Offer and/or Directors Past Services Offer). On a Minimum Subscription basis, this equates to voting power in the Company of 14.2%, and on a full subscription basis, it equates to voting power of 12.5%.

1.11 Market Price of Shares

Shares were placed in a trading halt on 12 July 2016 and subsequently were suspended from trading on the ASX from 14 July 2016. The closing price of Shares on 12 July 2016 was \$0.035.

1.12 Restricted Securities

None of the Shares on issue are currently Restricted Securities or subject to escrow restrictions imposed by the ASX.

Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules, certain Securities to be issued by the Company under the Ancillary Offers may be classified by the ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement to Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid, which may impact on the ability of a Shareholder to dispose of Shares in a timely manner.

In summary, it is expected that the 7,800,000 Shares to be offered under the Pentium Offer, 24,000,000 Shares to be offered under the Directors Past Services Offer, 10,000,000 Options to be offered under the Chairman's Option Offer and 10,000,000 Executive Performance Rights to be issued to the Executive Directors will all be subject to mandatory escrow by the ASX for a period of 24 months from the date of Official Quotation.

The total number of 31,800,000 Shares that are expected to be subject to the ASX imposed escrow restrictions represents approximately 12.2% of the total number of Shares on issue on completion of the Acquisitions and the Offers on a Minimum Subscription basis, and 10.7% on a full subscription basis.

None of the Shares issued pursuant to the Public Offer will be subject to escrow restrictions.

The Company will announce to the ASX full details (quantity and duration) of the securities in the Company required to be held in escrow prior to the reinstatement of the Company to the Official List of the ASX.

1.13 How to Apply

(a) Public Offer

If you wish to apply for Securities under the Public Offer, you may complete the Application Form attached to, or accompanying, this Prospectus or complete a paper copy of the electronic Application Form which accompanies the electronic version of this Prospectus which can be found and downloaded from www.vysarn.com.au.

The Application Form must be completed and received, together with the Application Monies, in accordance with the instructions on its reverse side. Completed Application Forms should be returned to and received by the Company, together with the Application Monies in full, prior to 5:00pm (WST) on the Closing Date, to

By Post To:

Otsana Capital
PO Box 1974, WEST PERTH WA 6872

Or Delivered To:

Otsana Capital
108 Outram Street, WEST PERTH WA 6005

Refer to the instructions on the back of the Application Form when completing your Application. Cheques must be made payable to “**Vysarn Limited Offer Account**” and crossed “**Not Negotiable**”. All cheques must be in Australian dollars.

Applications must be for a minimum of \$2000 (37,038 Shares) and thereafter in multiples of \$500 (9,260 Shares) and payment for all the Shares must be made in full at the issue price of \$0.054 per Share.

No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Shares pursuant to the Public Offer.

An original completed and lodged Application Form, together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

The Directors reserve the right to close the Public Offer early without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Public Offer or accept late Applications.

(b) Pentium Offer

The Pentium Offer is an offer to the Pentium Vendors (and/or their nominees) only.

Only the Pentium Vendors can accept an offer under the Pentium Offer. A personalised Application Form will be issued to each Pentium Vendor, together with a copy of this Prospectus.

No brokerage, commission or stamp duty is payable by the Pentium Vendors (and/or their nominees) on subscription or issue of Pentium Securities pursuant to the Pentium Offer.

Completed Pentium Offer Application Forms should be returned to the Company prior to 5:00pm (WST) on the Closing Date.

(c) Directors Past Services Offer

The Directors Past Services Offer is an offer to Mr Hutchinson, Mr Ismail and Mr Young (and/or their nominees) only.

Only Mr Hutchinson, Mr Ismail and Mr Young can accept an offer under the Directors Past Services Offer. A personalised Application Form will be issued to each of Mr Hutchinson, Mr Ismail and Mr Young, together with a copy of this Prospectus.

(d) Chairman's Option Offer

The Chairman's Option Offer is an offer to the Chairman Mr Hutchinson (and/or his nominees) only.

Only the Chairman can accept an offer for Options under the Chairman's Option Offer. A personalised Application Form will be issued to the Chairman, together with a copy of this Prospectus.

No brokerage, commission or stamp duty is payable by the Chairman (and/or his nominees) on subscription or issue of the Options pursuant to the Chairman's Option Offer.

The completed Application Form should be returned to the Company prior to 5:00pm (WST) on the Closing Date.

1.14 Issue and Allocation of Shares

(a) Public Offer

The Directors will determine the allocation of Shares under the General Offer in consultation with the Lead Manager. The Directors reserve the right to issue Shares in full for any Application or to issue any lesser number or to decline any Application provided that no Shareholder or Applicant increases its voting power in the Company:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%.

Where the number of Shares issued is less than the number applied for, or where no issue is made, the surplus Application Monies (without interest) will be returned by cheque to the Applicant in accordance with the Corporations Act.

Any decision on allocation will be made after the Public Offer has closed. The Directors will have full discretion in relation to the allocation of Shares under the Public Offer but intend to prioritise any applications from existing Shareholders.

Subject to the conditions to the Offers being satisfied (refer to Section 1.5), Shares issued pursuant to the Offers will be issued as soon as practicable following the satisfaction of the conditions to the Offers.

It is the Applicants' responsibility to determine their allocation prior to trading in Shares. Applicants who sell their Shares before they receive their holding statement will do so at their own risk.

1.15 Application Monies held in Trust

Pending the issue of the Securities or refund of Application Monies, pursuant to this Prospectus, all Application Monies will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies.

The Company will be entitled to retain all interest that accrues on the Application Monies and each Applicant waives the right to claim any part of such interest.

1.16 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). The ASX Settlement Pty Limited, a wholly owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers means that the Company will not issue certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship. Electronic sub-registers also mean ownership of Shares or Options can be transferred without having to rely on paper documentation.

Further, monthly statements will be provided to holders if there have been any changes in their Security holding in the Company during the preceding month. Security holders may request a holding statement at any other time; however there may be a charge for such additional statements.

1.17 ASX Waivers

The ASX has granted the Company waivers from:

- (a) Listing Rule 2.1, Condition 2 to permit the Company to issue Shares at less than \$0.20 per Share under the Public Offer, subject to:
 - (i) the issue price of the Shares being not less than \$0.02 per Share;
 - (ii) the terms of the waiver being disclosed in the notice for the General Meeting and the Prospectus; and
 - (iii) Shareholder approval of the Public Offer;
- (b) Listing Rule 1.1, Condition 12 to permit the Company to have Options on issue with an exercise price of less than \$0.20 each, subject to:
 - (i) the exercise price of the Options being not less than \$0.02 per Option;
 - (ii) the terms of the waiver and Options being disclosed in the notice for the General Meeting and the Prospectus;
 - (iii) Shareholder approval of the issue of the Options; and
 - (iv) the terms of the Acquisitions and the Public Offer not materially changing (as determined by the ASX in its absolute discretion) from those announced by the Company on 11 April 2019; and
- (c) Listing Rule 1.1, Condition 12 to permit the Company to have Performance Rights on issue with an exercise price of less than \$0.20 each, subject to:
 - (i) the terms of the waiver and Performance Rights being disclosed in the notice for the General Meeting and the Prospectus;
 - (ii) Shareholder approval of the issue of the Performance Rights; and
 - (iii) the terms of the Acquisitions and the Public Offer not materially changing (as determined by the ASX in its absolute discretion) from those announced by the Company on 11 April 2019.

The conditions above regarding Shareholder approval and disclosure of the terms of the waivers in the notice of General Meeting have been satisfied. The waivers granted by the ASX only apply to 29 August 2019 and are subject to any amendments to the Listing Rules.

1.18 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Public Offer, in which case, the Company will return all Application Monies (without interest) in accordance with the provisions of the Corporations Act.

1.19 Underwriting

The Public Offer is not underwritten.

1.20 Lead Manager

The Company has engaged Otsana Capital to be the Lead Manager to the Public Offer. A summary of the key terms of engagement of the Lead Manager is set out in Section 7.3.

1.21 Dividend Policy

The Company does not intend to declare or pay any dividends in the immediately foreseeable future.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

1.22 Overseas Investors

No action has been taken to register or qualify the Securities, or the Offers, or otherwise to permit the public offering of Securities, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons into whose possession this Prospectus comes should observe all applicable restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to its Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

1.23 Risks

As with any securities investment, there are risks associated with investing in the Company. Key risk factors that could affect the financial and market performance of the Company are detailed in Section 6. The Securities offered under this Prospectus should be considered speculative. Before deciding to invest in the Company, investors should read this Prospectus in its entirety and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

1.24 Commission

The Company reserves the right to pay a commission of up to 6% (exclusive of GST) of amounts subscribed through any Australian financial services licensee in respect of any Applications lodged and accepted by the Company and bearing the stamp of the Australian financial services licensee. Payment will be made subject to the receipt of a proper tax invoice from the Australian financial services licensee.

1.25 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation matters referred to above.

1.26 Enquiries in relation to the Offers

This Prospectus provides information for prospective investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser. Any investment in the Company under this Prospectus should be considered speculative.

Questions relating to the Offers can be directed to the Company Secretary on +61 8 9486 7244.

2. Company and Pentium Overview

2.1 Company History

The Company is an Australian public company incorporated on 1 March 2007 and was admitted to the Official List on 14 December 2007.

The Company's most recent operations were aluminium recycling and salt slag processing, focusing on this until September 2015 when it closed its processing plant. The Company has largely been dormant since this time, and on 14 July 2016 the Company's securities were suspended from Official Quotation on the ASX pending its acquisition of a new undertaking and re-compliance with Chapters 1 and 2 of the Listing Rules. Since their respective appointments to the Board, Mr Ismail and Mr Young (appointed on 21 December 2016) and Mr Hutchinson (appointed on 27 October 2017) have spent significant time and effort into restructuring and operating the Company, and assessing and conducting due diligence on various assets and businesses to facilitate the relisting of the Company on the ASX. This has culminated in the Company's entry into the Asset Sale Agreement and Share Sale Agreement as announced by the Company on 11 April 2019.

2.2 Acquisition of Pentium and the Assets

(a) Overview

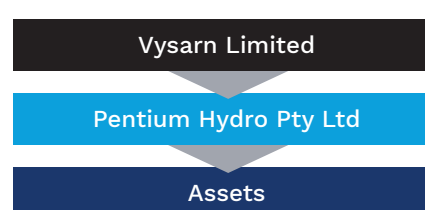
As announced on 11 April 2019, the Company has entered into:

- the Asset Sale Agreement with Pentium and Ausdrill (a wholly owned subsidiary of Ausdrill Limited (ASX:ASL)), pursuant to which the Company will acquire various waterwell drilling assets (and associated inventory) currently used by Ausdrill to conduct its hydrogeological drilling business (formerly known as 'Connector Drilling'; and
- the Share Sale Agreement with the shareholders of Pentium pursuant to which the Company has agreed to acquire the entire issued capital of Pentium, subject to the satisfaction of certain conditions precedent. Pentium is an Australian entity incorporated on 15 January 2019 by Sheldon Burt and Chris Brophy as a special purpose vehicle for the purposes of seeking drilling opportunities.

Summaries of the material terms of the Asset Sale Agreement and the Share Sale Agreement are provided in Section 7.

At completion of the Acquisitions and upon reinstatement, the Company's corporate structure will be as follows:

Figure 1: Post-Acquisition Corporate Structure



(b) Overview of Assets

The Ausdrill Assets to be acquired by the Company and Pentium under the Asset Sale Agreement form part of the hydrogeological drilling business operated by Ausdrill (formerly) known as 'Connector Drilling'. Some of these assets are currently used by Ausdrill under existing contracts.

The Assets include a large fleet of state-of-the-art conventional air, mud and dual rotary drill rigs, comprising:

- (i) five Foremost DR24HD Dual Rotary Rigs;
 - (ii) three Schramm T130XD Rigs with deep hole dual rotary capability;
 - (iii) two Schramm T685WS Conventional Rigs;
 - (iv) ancillary equipment required as part of above rig suits including casing rotators, rod loaders, multiple Sullair air compressors, rig carriers, CAT backhoes;
 - (v) downhole equipment including drill rods, drill bits and stabilisers;
 - (vi) crew carriers and light vehicles;
 - (vii) additional equipment to manage spares; and
 - (viii) associated inventory,
- (collectively, the **Assets**).

These Assets will enable the Company to offer a broad range of services in its target industries.

(c) Overview of Pentium

Pentium is an Australian entity recently incorporated by Sheldon Burt and Chris Brophy as a special purpose vehicle for the purposes of seeking drilling opportunities. Mr Burt and Mr Brophy assisted to introduce the Ausdrill Assets to the Company.

Completion of the Acquisitions will result in Pentium, and consequently the Company, acquiring the Assets.

2.3 Business Overview

(a) Business Model

The Ausdrill Assets will underpin the Company's aim to become a significant provider of production critical services and solutions to the resources, construction and utilities industries.

The Company intends to generate revenue through the provision of these services and solutions which can broadly be categorised into the following:

- (i) using the Assets to provide a range of drilling related services;
- (ii) providing design, fabrication, production and installation services for related fluid and power infrastructure;
- (iii) control system engineering, software development, data management and business reporting for related fluid and power infrastructure; and
- (iv) provision of human resources to provide ongoing support, maintenance and consulting services.

(b) Target Industries

The Company's initial target industries are resources (primarily), construction and utilities.

Resources

In the resources sector, the Company will focus on providing the following services:

- (i) Production related drilling – mining operations require large volumes of water for various purposes, including processing mined materials, dust suppression, and in the maintenance of workshops and camps. As such, management of available water is vital to the operations of mines. Most mining operations are located far from piped scheme water, and as such are reliant on water sourced from aquifers below ground. The Company will provide drilling services to assist mining operations access water by drilling wells into the aquifers, from which water can be pumped out.
- (ii) Mine dewatering – groundwater is a common problem in mining. Mines that intersect significant aquifers require pumping from bores to limit the ingress of water to the workings. Dewatering is commonly required ahead

of mining to provide a stable and workable environment. Poorly controlled groundwater can have negative effects on the safety, efficiency and economics of mining operations. The Company will provide mine dewatering design and implementation services designed to lower water levels progressively and in advance of mining operations. The dewatering borefields will move throughout the life of the mine with bores being decommissioned as the mining operations advance along the strike of the ore body. Dewatering operations will usually consist of two components:

- (A) raw water dewatering bores, located within (sacrificial bores) and down dip of the proposed pit limits, that will extract water suitable for use in the process plant and production activities, thereby lowering water levels to allow dry mining conditions to be achieved in the mining areas; and
 - (B) saline water dewatering bores, generally located down gradient of the raw water dewatering bores, screened and isolated within the saline groundwater system only, designed to extract and manage the saline groundwater interface to prevent saline water encroachment into the ore body.
- (iii) Brackish water reinjection – this is a process whereby a significant amount of water extracted from aquifers is reinjected (through reinjection bores) or recycled back into the aquifer to create a sustainable closed system with zero to very little surface discharge. This allows aquifer replenishment to remain consistent with no cross contamination and is often required by environmental guidelines and regulations. The Company will provide reinjection bores drilling services to mining operations.
 - (iv) Cavity grouting – mine backfilling is commonly required to back fill abandoned mine workings to avoid the development of settlement, or worse, sink holes, at the ground surface. The process involves drilling into the cavity then pumping grout to either fill the void in part or in full to meet mine design requirements. The Company will provide cavity grouting services and solutions to mining operations.
 - (v) Resource definition and monitoring bores – groundwater monitoring bores are used to determine the nature and properties of soils through which liquids may seep, provide access to groundwater for measuring its level, physical and chemical properties, and allow groundwater samples to be withdrawn for analysis. The Company will provide services for groundwater monitoring bores.

Construction and Utilities

For the construction and utilities industries, the Company intends to utilise the Assets to provide geotechnical capacity, fluid and distribution management services and solutions.

(c) Target Clients

Existing Ausdrill clients

Some of the Assets (namely two DR24HD Dual Rotary Rigs and accompanying equipment packages) are currently being used by Ausdrill under existing contracts, being a drilling services contract with Hancock Prospecting Pty Ltd (**Hancock**) (**Hancock Contract**) and a general works contract with Roy Hill Iron Ore Pty Ltd (**Roy Hill**) (**Roy Hill Contract**). The Hancock Contract provides for Ausdrill to provide a hydrogeology drilling program for water bores; test bores and monitoring bores. The program is scheduled to complete in December 2019. The Company is in advanced discussions with Hancock and Ausdrill with respect to assigning the Hancock Contract to the Company with effect from completion of the Acquisitions.

The Roy Hill Contract is a general works contract under which Roy Hill can request Ausdrill to provide dewatering services by submitting purchase orders. The Company is in advanced discussions with Roy Hill with respect to entering into a new general works contract on substantially similar terms to the existing contract between Roy Hill and Ausdrill.

Whilst discussions with the relevant parties are at an advanced stage, it should be noted that there is no guarantee that the relevant contracts will be signed.

Other Target Clients

As detailed above, the Company will provide a range of services necessary or desirable to the resources, construction and utilities industries. The Company has identified a range of potential clients who may require the services to be provided by the Company, in particular clients with mining production and dewatering operations in Australia including the Pilbara region in Western Australia. These potential clients include 'Tier 1' miners as well as smaller companies in the relevant industries. The Company has had preliminary discussions with potential clients with respect to services the Company will be able to provide on completion of the Acquisitions, and is in advanced discussions with a drilling services company with respect to hiring one of the drill rigs to the services company on a dry hire arrangement. The Company will continue to engage with these potential clients with a view to being able to tender for services and enter into formal agreements once it takes ownership of the Assets following completion of the Asset Sale Agreement.

(d) Human Resources and Recruitment

The Company has initiated a recruitment strategy to enable it to secure a core staff of skilled and experienced workers to operate the Assets and the business. This will include seeking to employ some employees currently employed by Ausdrill's existing business, given their experience in the industry and in operating the Assets. Other employees and contractors will be sought through a traditional recruitment campaign, and utilising the industry connections of the Board. It is expected that the Company will employ a mix of full, part and casual employees and contractors to provide it with flexibility as it establishes its business.

(e) Workforce and Occupational Health and Safety

The Company recognises that the activities it will undertake will expose its employees and contractors to safety risks, and will be committed to providing a safe working environment. The foundations of the Company's occupational health and safety strategy will include (but not be limited to) the following:

- (i) adopting robust processes and systems to ensure the Company operates in accordance with best practice including: HSE audits, developing and maintaining audit and inspection registers, accurate and timely reporting of HSE statistics, trending of lead indicator status and active hazard management and control of operations;
- (ii) active safety leadership through: developing a capable and competent HSE team, leadership involvement and engagement through regular site visits and safety verification; and
- (iii) continued development and training including: regular training and continued development of safe behaviours, continual implementation of latest industry safety practices and technology, focus on staff wellbeing including flexible working arrangements and investment in wellbeing programs.

(f) Quality Assurance

Once established and following certification and accreditation, the Company intends to operate its business in accordance with ISO 9001 regarding quality management of the services it will provide, and ISO 14001 regarding management of any environmental impacts its activities may have on the environment. Operating in accordance with these internationally recognised standards may assist the Company with its tender processes for clients.

(g) Growth Strategy

The Company's overall strategy is to become a significant provider of production critical services and solutions, with an initial focus on the resources, construction and utilities industries. The Assets will enable the Company to provide a broad range of services to clients in these industries, as detailed in Section 2.3(b). As detailed in Section 2.3(c), it is expected that some of the Assets will be utilised immediately on completion of the Acquisitions, but the Company will also have capacity to provide services to new clients. A key part of the Company's initial growth strategy will be to attract clients to fully utilise the suite of Assets it will be acquiring under the Acquisitions. In conjunction with this organic growth strategy, the Company also intends to leverage its core competencies to identify acquisition opportunities aimed at diversifying and/or bettering the services and solutions to be offered by the Company, and/or expanding the scale of the Company's operations.

Such acquisition opportunities may include acquisitions:

- (i) in new geographies: to diversify risk, improve market penetration and increase scale;
- (ii) based on horizontal integration: to enable the Company to expand and diversify the scale of its operations, achieve synergies and/or drive better customer arrangements. Such acquisitions could include the acquisition of additional production, exploration and/or resource definition drilling assets or other assets or businesses to expand the scale of the Company's operations and/or enable the Company to provide a broader or more efficient range of services to potential clients in broader industries; and
- (iii) based on vertical integration: to integrate with the Company's existing Assets and business to provide increased scale, achieve synergies, diversify operations and/or shorten the supply chain. Such acquisitions could include assets or businesses relating to bore flow testing, control system engineering, software development, data management and business reporting for related fluid and power infrastructure.

The Company may need to access additional equity and/or debt capital to grow its business by acquisition. The decision to complete any acquisition will only be made after detailed analysis by the Board and a satisfactory due diligence process.



3. Board, Management & Corporate Governance

3.1 Board of Directors

As at the date of this Prospectus, the Board comprises:

- (a) Mr Peter Hutchinson – Executive Chairman;
- (b) Mr Nicholas Young – Non-Executive Director;
- (c) Mr Faldi Ismail – Non-Executive Director;
- (d) Mr Sheldon Burt – Non-Executive Director; and
- (e) Mr Chris Brophy – Non-Executive Director.

Subject to completion of the Acquisitions, Mr Nicholas Young and Mr Faldi Ismail will resign as Directors. Mr Peter Hutchinson will move into the role of Non-Executive Chairman, and Mr Sheldon Burt and Mr Chris Brophy will move into Executive Director positions.

3.2 Directors' Profiles

The names and details of the Directors following completion of the Acquisitions are as follows:

(a) Mr Peter Hutchinson – Non-Executive Chairman

Mr Hutchinson holds a Bachelor of Commerce from the University of Western Australia (UWA) and is a Fellow of both the Australian Institute of Company Directors and Certified Practising Accountants. He has at the most senior level managed a diverse portfolio of industrial investments in manufacturing, engineering, construction and property over a 30-year period.

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

Mr Hutchinson has substantial experience in M&A, prospectus preparation, ASX listings, compliance and corporate governance, company secretarial requirements and exit strategies, and has been a Member of various Audit, Remuneration and Nomination Committees, often as Chairman. He was previously a Council Member of St Thomas More College (UWA) and Foundation Member Aquinas College, Perth Western Australia.

(b) Mr Sheldon Burt – Executive Director

Mr Burt is a drilling industry professional with over 30 years national and international experience. He started his career as a Drillers Offsider in 1986 and has held many differing roles over the years which include field based, operations, senior management and directorships.

Mr Burt's international experience extends to South East Asia, the Middle East and West Africa. In 2004 he co-founded and was the Managing Director of SBD Drilling, an exploration drilling company with successful operations in Australia and West Africa.

From 2012 to 2018, Mr Burt was appointed General Manager of Easternwell Minerals, part of the Easternwell group, which in turn is a wholly owned subsidiary of Broadspectrum. Easternwell Minerals is a leading drilling contractor with operations throughout Australia, specifically in the hydro drilling space.

(c) Mr Chris Brophy – Executive Director

Mr Brophy is an accomplished business leader with over 15 years of senior leadership and consulting experience within the Mining, Oil & Gas and Infrastructure industries. Mr Brophy is a specialist in strategy, portfolio growth, financial and operational restructuring.

Mr Brophy's drilling experience was gained during several years with Easternwell Minerals where he held operations and commercial management roles. As noted above, Easternwell is a leading drilling contractor with operations throughout Australia, specifically in the hydro drilling space.

Mr Brophy currently holds the role of CEO for OnContractor which operates an online marketplace connecting industry to white collar specialists, contractors, trades and consultants. Prior to this, he was the Maintenance Services Director for the TRACE JV. TRACE is Broadspectrum's joint venture with Actemium providing INPEX maintenance services to support the operation of the Ichthys LNG onshore facilities in Darwin.

Mr Brophy was also previously responsible, as Offshore Portfolio Manager, for the overall management and day-to-day operations of Woodside Energy Portfolio incorporating some 250 employees including a team responsible for maintenance operations, brownfields implementation, engineering support, supply-chain management, quality control, and process development.

Mr Brophy holds a Masters of Business Administration, a Masters of Science in Mineral and Energy Economic and is a member of the Australian Institute of Company Directors (MAICD).

3.3 Executive Employment Agreement and Remuneration of Directors

For details regarding the executive employment agreements of Mr Sheldon Burt and Mr Chris Brophy, refer to Section 7.4. For details of remuneration of the Directors refer to Section 9.3.

3.4 Legal Proceedings

Mr Peter Hutchinson, the Company's Chairman, was formerly the Executive Chairman and Managing Director of Forge Group Limited (**Forge**) until 9 July 2012 when he resigned as a director of the company following the appointment of Mr David Simpson as CEO and Managing Director. Subsequent to Mr Hutchinson's departure, Forge appointed administrators in February 2014.

In December 2014, Rushleigh Services Pty Ltd (**Rushleigh**) commenced proceedings against Forge in the Federal Court of Australia (NSD 1382/2014) (**Court Proceedings**). The Court Proceedings are brought by Rushleigh by itself and as a representative of other shareholders in Forge. Mr Hutchinson was advised in September 2015 that he had been joined as a second respondent to the Court Proceedings. Rushleigh alleges that the respondents have breached (or were involved in a breach) of obligations of continuous disclosure and have engaged in misleading or deceptive conduct. The allegations arise from revenue and earnings forecasts made by Forge and released to the ASX on 13 January 2012 and 7 March 2012, which were allegedly not updated at any time by the respondents up to September 2013. Mr Hutchinson has advised the Company that he strongly denies any failure to comply with his obligations in relation to his former positions at Forge and will vigorously defend the proceedings.

In 2017, a claim was made by the liquidators of Forge against all of the directors of Forge (including Mr Hutchinson) in office at the time it entered into an agreement to acquire CTEC Pty Ltd (**CTEC**) in January 2012 (**Liquidators Claim**). This claim alleges that the Forge directors had contravened the Corporations Act and common law duties relating to Forge's decision to acquire CTEC. As noted above, Mr Hutchinson strongly denies any failure to comply with his obligations in relation to his former positions at Forge and will vigorously defend the proceedings.

3.5 Corporate Governance

The Company has established a corporate governance framework. A summary of the Company's corporate governance practices as at the date of this Prospectus are detailed below. The Company's governance documentation is available in a dedicated corporate governance information section of the Company's website at www.vysarn.com.au.

In establishing its corporate governance framework, the Company has referred to the recommended corporate governance practices for ASX listed entities set out in the ASX Corporate Governance Council Principles and Recommendations (**Principles and Recommendations**) 4th edition. However, the Council recognises that different entities may legitimately adopt different governance practices based on a range of factors, including their size, complexity, history and corporate culture. For that reason, the recommendations in the Principles and Recommendations (**Recommendations**) are not prescriptive. However, under the Listing Rules, the Company is required to provide a statement in its annual report disclosing the extent to which it has followed the Recommendations in each reporting period. Where the Company does not adopt a Recommendation, it must identify the Recommendation that it has not adopted and explain why it has not adopted the Recommendation.

The 4th edition of the Principles and Recommendations will take effect for the Company's first full financial year commencing on or after 1 January 2020. For the purposes of this Prospectus and the Company's Annual Report for the year ended 30 June 2019, the Company will report against the current 3rd edition of the Principles and Recommendations.

(a) Board of Directors

The Board is responsible for the governance of the Company. The role of the Board is to set the strategic direction for the Company, to select and appoint the Chief Executive Officer (or equivalent) and oversee the Company's management and business activities. The Board has clearly delineated the respective roles and responsibilities of the Board and management, as set out in its Board Charter.

In summary, the Board is responsible for (among other things):

- (i) demonstrating leadership;
- (ii) defining the Company's purpose and setting the Company's strategic objectives;
- (iii) appointing and when necessary replacing the chief executive officer (or equivalent);
- (iv) approving the appointment and when necessary removal, of other senior executives;

- (v) approving the Company's statement of values and code of conduct to underpin the desired culture within the Company;
- (vi) overseeing management in its implementation of the Company's strategic objectives, instilling of the Company's values and performance generally and whenever required, challenging management and holding it to account;
- (vii) approving operating budgets and major capital expenditure;
- (viii) monitoring the financial performance of the Company and overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- (ix) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities, including the adoption of appropriate policies and procedures, and monitoring their operation;
- (x) ensuring that the Company has in place an appropriate risk management framework (for both financial and non-financial risks), setting the risk appetite within which the Board expects management to operate and assessing the effectiveness of management's implementation of the risk management framework; and
- (xi) monitoring the effectiveness of the Company's governance practices, including formulating and adopting, monitoring compliance with and reviewing, appropriate governance policies and procedures.

It is intended that the chief executive function will be performed by the two Executive Directors.

(b) Composition of the Board

The Board should be of an appropriate size and collectively have the skills, commitment and knowledge of the Company and the industry in which the Company operates to enable it to discharge its duties effectively and to add value.

Following completion of the Acquisitions, the Board at the time of re-admission of the Company to the Official List will comprise a Non-Executive Chairman and two Executive Directors. The mix of skills and diversity for which the Board is looking to achieve in membership of the Board is represented in this composition, which includes:

- Public company director experience.
- Accounting qualifications and experience.
- Corporate governance and compliance skills and experience.
- Strategic expertise.

- Hydrogeological drilling and water management services.
- Commercial negotiation skills.
- Asset management.

(c) Independence of the Board

As set out in the Company's Board Charter, where practical and consistent with the Company's stage of development, a majority of the Board should be comprised of independent directors, and the Chairman should be an independent non-executive director. However, at the time of re-admission of the Company to the Official List, the Board will have no independent directors as Messrs Brophy and Burt will perform an executive role with the Company, and Mr Hutchinson is a substantial shareholder of the Company. The Board recognises the importance of the appropriate balance between independent and non-independent representation on the Board. However, the Board considers that a Board weighted towards industry and technical experience is appropriate at this stage of the Company's development. As the Company's operations progress, it will review the composition of the Board, including independence.

The Board will determine whether a director is independent in accordance with the guidelines set out in its Board Charter (which are in accordance with the Principles and Recommendations) and will assess the independence of Directors at least on an annual basis.

(d) Ethical Standards

The Company has established a Code of Conduct for its directors, senior executives and employees. The Code of Conduct sets out what the Company regards as acceptable business practices for its personnel with the aim of ensuring that the Company delivers on its commitment to not only act in compliance with its legal obligations, but also act ethically and responsibly.

The Company has also adopted an Anti-Bribery and Corruption Policy. The Company is committed to ensuring that its corporate culture discourages fraudulent and corrupt conduct. The purpose of the Anti-Bribery and Corruption Policy is to educate and inform personnel and Company representatives about the Company's commitment to anti-corruption and bribery requirements arising from anti-bribery and corruption laws and the various laws prohibiting fraudulent and corrupt behaviour more generally.

The Company has also adopted a Whistleblower Policy to encourage the raising of any concerns or reporting of instances of any violations (or suspected violations) of the Code of Conduct or the Anti-Bribery and Corruption Policy (or any potential breach of law or any other legal or ethical concern) without the fear of detriment.

(e) Independent Professional Advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice. Where it is the Chairman who is seeking the independent professional advice, the role of the Chairman to consider and provide approval as set out above should be carried out by the Board.

(f) Nomination and Remuneration Committee

The Company does not have a separate Nomination and Remuneration Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination and Remuneration Committee. Accordingly, the Board as a whole will perform the role of the Nomination and Remuneration Committee. Although the Board has not established a separate Nomination and Remuneration Committee, it has adopted a Nomination and Remuneration Committee Charter, which describes the role, composition and responsibilities of the full Board in its capacity as the Nomination and Remuneration Committee.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. This amount is currently \$200,000 per annum. The determination of non-executive Director's remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The fees paid to Directors in the past two financial years and for this financial year are detailed in Section 9.3.

In addition, a Director may, subject to any necessary Shareholder approval, be paid fees or other amounts (i.e. non-cash performance incentives such as options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred by them, respectively, in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered appropriate for a company of its size and level of activity as well as the relevant Director's time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans, including the appropriateness of performance hurdles and total payments proposed.

(g) Audit and Risk Committee

The Board has not established a separate Audit and Risk Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit and Risk Committee. Accordingly, the Board performs the role of Audit and Risk Committee. Although the Board has not established a separate Audit and Risk Committee, it has adopted an Audit and Risk Committee Charter. When the Board convenes as the Audit and Risk Committee it will carry out those functions which are delegated to it in the Company's Audit and Risk Committee Charter.

(h) External Audit

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor (this is an Appendix to the Audit and Risk Committee Charter). The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

(i) Internal Audit

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

3.6 Corporate Governance Policies and Procedures

The Company has adopted the following policies and procedures, each of which has been prepared having regard to the Principles and Recommendations and is available on the Company's website at www.vysarn.com.au.

- (a) **Process for Performance Evaluations:** This document sets out the process the Company will follow for the evaluation of the Board, any committees of the Board, individual directors and senior executives.
- (b) **Policy and Procedure for the Selection and Re-appointment of Directors:** This policy and procedure sets out the guidelines for the selection and appointment of new directors to the Board, including the candidate information to be provided to shareholders so they can make an informed decision on whether or not to elect, or re-elect a candidate as a director.
- (c) **Risk Management Policy:** This policy sets out the Company's approach to risk management, including its approach to identifying and managing risk, the responsibilities of the Board, management and others within the Company in relation to risk management, and the resources and processes dedicated to risk management.
- (d) **Shareholder Communication and Investor Relations Policy:** The purpose of this policy is to outline how the Company will provide shareholders and other investors with information about itself and its governance and to outline the Company's investor relations program.
- (e) **Securities Trading Policy:** The Board has adopted a policy that establishes a procedure for trading in the Company's securities by its key management personnel. The purpose of the policy is to assist key management personnel to comply with their obligations under the insider trading provisions of the Corporations Act, protect the Company's reputation and comply with the requirements of the ASX Listing Rules. The Securities Trading Policy also outlines the Company's policy on prohibiting entry into transactions or arrangements which operate to limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes.
- (f) **Code of Conduct:** The Company has established a Code of Conduct for its directors, senior executives and employees. The Code of Conduct sets out what the Company regards as acceptable business practices for its personnel with the aim of ensuring that the Company delivers on its commitment to not only act in compliance with its legal obligations, but also act ethically and responsibly.
- (g) **Anti-Bribery and Corruption Policy:** The Company is committed to ensuring that its corporate culture discourages fraudulent and corrupt conduct. The purpose of the Anti-Bribery and Corruption Policy is to educate and inform personnel and Company representatives about the Company's commitment to anti-corruption and bribery requirements arising from anti-bribery and corruption laws and the various laws prohibiting fraudulent and corrupt behaviour more generally.
- (h) **Whistleblower Policy:** The Company has adopted a Whistleblower Policy to encourage the raising of any concerns or reporting of instances of any violations (or suspected violations) of the Code of Conduct or the Anti-Bribery and Corruption Policy (or any potential breach of law or any other legal or ethical concern) without the fear of detriment.
- (i) **Diversity Policy:** The Company is committed to actively managing diversity as it is in the Company's interest to be able to attract, retain and motivate directors and employees from the widest possible pool of available talent. Accordingly, the Company has established a Diversity Policy to outline how it will achieve this.
- (j) **Continuous Disclosure Policy:** The purpose of this policy is to set out the obligations of directors, officers, employees and contractors of the Company to ensure that information about the Company which may be market sensitive and may require disclosure is brought to the attention of those responsible for ensuring that the Company complies with its continuous disclosure obligations in a timely manner, and information is kept confidential.
- (k) **Continuous Disclosure Compliance Procedures:** The purpose of these procedures is to ensure that information about the Company which may be market sensitive, and which may require disclosure under Listing Rule 3.1, is promptly assessed to determine whether it requires disclosure, and if it does, it is given to the ASX promptly and without delay.

3.7 Departures from the Recommendations

As at the date of this Prospectus, the Company complies with the Recommendations in the 3rd edition other than to the extent set out below:

Table 3.1: ASX Corporate Governance Principles and Recommendations 3rd edition Departures

Principles and Recommendations departed from	Explanation for Departure
Recommendation 1.5 The Company does not have a Diversity Policy that includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them.	The Company has a Diversity Policy, which is disclosed on the Company's website. However, the Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. Nor has the Board set measurable objectives for achieving gender diversity. Given the Company's stage of development and the number of employees, the Board considers that it is not practical to set measurable objectives for achieving gender diversity at this time.
Recommendation 2.1 The Board has not established a Nomination Committee.	The Company does not have a separate Nomination and Remuneration Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination and Remuneration Committee. Accordingly, the Board as a whole will perform the role of the Nomination and Remuneration Committee. Although the Board has not established a separate Nomination and Remuneration Committee, it has adopted a Nomination and Remuneration Committee Charter, which describes the role, composition and responsibilities of the full Board in its capacity as the Nomination and Remuneration Committee. When the Board convenes as the Nomination and Remuneration Committee it will carry out those functions which are delegated to it in the Company's Nomination and Remuneration Committee Charter. Separate meetings of the full Board in its capacity as the Nomination and Remuneration Committee will be held, and minutes of those meetings will be taken. The Board will deal with any conflicts of interest that may occur when convening in the capacity of the Nomination and Remuneration Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.
Recommendation 2.4 The Board does not have a majority of directors who are independent.	As set out in the Company's Board Charter, where practical and consistent with the Company's stage of development, a majority of the Board should be comprised of independent directors, and the Chairman should be an independent non-executive director. However, at the time of re-admission of the Company to the Official List, the Board will have no independent directors as Messrs Brophy and Burt will perform an executive role with the Company, and Mr Hutchinson is a substantial shareholder of the Company. The Board recognises the importance of the appropriate balance between independent and non-independent representation on the Board. However, the Board considers that a Board weighted towards industry and technical experience is appropriate at this stage of the Company's development. As the Company's operations progress, it will review the composition of the Board, including independence. The Board will determine whether a director is independent in accordance with the guidelines set out in its Board Charter (which are in accordance with the Principles and Recommendations) and will assess the independence of directors at least on an annual basis.

Principles and Recommendations departed from	Explanation for Departure
Recommendation 4.1 The Board has not established a separate Audit Committee.	The Board has not established a separate Audit Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit and Risk Committee. Although the Board has not established a separate Audit and Risk Committee, it has adopted an Audit and Risk Committee Charter. When the Board convenes as the Audit and Risk Committee it will carry out those functions which are delegated to it in the Company's Audit and Risk Committee Charter. Separate meetings of the full Board in its capacity as the Audit and Risk Committee will be held, and minutes of those meetings will be taken. The Board will deal with any conflicts of interest that may occur when convening in the capacity of the Audit and Risk Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions. The Company has also established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is an appendix to the Audit and Risk Committee Charter. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor will be reviewed on an annual basis by the Board.
Recommendation 7.1 The Board has not established a separate Risk Committee.	Please refer to disclosure in relation to Recommendation 4.1 above.
Recommendation 8.1 The Board has not established a separate Remuneration Committee.	Please refer to disclosure in relation to Recommendation 2.1 above.



4. Financial Information

4.1 Introduction

The financial information in this Section 4 consists of:

- (a) the Company's historical statement of financial position as at 31 December 2018 (**Historical Financial Information**); and
- (b) the pro forma statement of financial position as at 31 December 2018, prepared on the basis that the pro forma adjustments and subsequent events detailed in Note 2 of Section 4.3 had occurred as at 31 December 2018 (**Pro Forma Statement of Financial Position**),

(collectively referred to as the **Financial Information**).

The Directors are responsible for the inclusion of the Financial Information in the Prospectus. The purpose of the inclusion of the Financial Information is to illustrate the effects of the Acquisitions and the Offers and the relevant pro forma transactions. RSM Corporate Australia Pty Ltd has prepared an Investigating Accountant's Report in respect to the Historical Financial Information and the Pro Forma Statement of Financial Position. A copy of this report, which includes an explanation of the scope and limitation of the Investigating Accountant's work, is set out in Section 5.

The information presented in this Section 4 should be read in conjunction with the Investigating Accountant's Report in Section 5, the risk factors as detailed in Section 6 and other information included in this Prospectus.

4.2 Basis and method of preparation

The Historical Financial Information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and the accounting policies adopted by the Company (as detailed in note 3 of Section 4.3). The Pro Forma Statement of Financial Position has been derived from the Historical Financial Information and assumes the completion of the pro forma adjustments (as detailed in note 2 of Section 4.3) as if those adjustments had occurred as at 31 December 2018.

The Financial Information contained in this Section 4 is presented in an abbreviated form and does not contain all the disclosures that are provided in a financial report prepared in accordance with the Corporations Act and Australian Accounting Standards and Interpretations.

The Historical Financial Information of the Company has been extracted from its interim financial report for the six months ended 31 December 2018, which was reviewed by the Auditor in accordance with Australian Auditing Standards.



4.3 Historical and Pro Forma Statements of Financial Position

A\$000	Vysarn Reviewed 31-Dec-18	Pentium Acquisition (i)	Purchase of Assets (ii)	Issue of shares to Directors (iii)	Debt Funding Arrangement (iv)	Issue of Options (v)	Capital raising Minimum \$5m (vi), (vii)	Pro forma (Min. Subscription)	Additional capital raising (vi, vii)	Pro forma (Max. Subscription) (DPSO - Shares)	DPSO settled as cash payment	Pro forma (Max. Subscription) (DPSO - Cash)
CURRENT ASSETS												
Cash and cash equivalents	7,372	-	(17,610)	-	8,800	-	4,110	2,672	1,870	4,542	(1,296)	3,246
Trade and other receivables	14	2	1,600	-	-	-	-	1,616	-	1,616	-	1,616
Inventory	15	-	3,000	-	-	-	-	3,015	-	3,015	-	3,015
Total Current Assets	7,401	2	(13,010)	-	8,800	-	4,110	7,303	1,870	9,173	(1,296)	7,877
NON-CURRENT ASSETS												
Property, plant and equipment	-	439	13,000	-	-	-	-	13,439	-	13,439	-	13,439
Total Non-Current Assets	-	439	13,000	-	-	-	-	13,439	-	13,439	-	13,439
Total Assets	7,401	441	(10)	-	8,800	-	4,110	20,742	1,870	22,612	(1,296)	21,316
CURRENT LIABILITIES												
Trade and other payables	18	20	-	-	-	-	-	38	-	38	-	38
Borrowings	-	-	-	-	800	-	-	800	-	800	-	800
Total Current Liabilities	18	20	-	-	800	-	-	838	-	838	-	838
NON-CURRENT LIABILITIES												
Borrowings	-	-	-	-	8,000	-	-	8,000	-	8,000	-	8,000
Total Non-Current Liabilities	-	-	-	-	8,000	-	-	8,000	-	8,000	-	8,000
Total Liabilities	18	20	-	-	8,800	-	-	8,838	-	8,838	-	8,838
Net Assets	7,383	421	(10)	-	-	-	4,110	11,904	1,870	13,774	(1,296)	12,478
EQUITY												
Issued capital	29,912	421	-	1,296	-	-	4,600	36,229	1,866	38,095	(1,296)	36,799
Reserves	-	-	-	-	-	241	-	241	-	241	-	241
Accumulated losses	(22,529)	-	(10)	(1,296)	-	(241)	(490)	(24,566)	4	(24,562)	-	(24,562)
Total Equity	7,383	421	(10)	-	-	-	4,110	11,904	1,870	13,774	(1,296)	12,478

Notes to the Financial Information

1. Historical Statement of Financial Position

The Historical Statement of Financial Position set out above has been extracted without adjustment (other than rounding) from the Interim Financial Report of the Company for the half-year ended 31 December 2018.

2. Pro Forma Historical Statement of Financial Position

The Pro Forma Historical Statement of Financial Position has been compiled by adjusting the Statement of Financial Position of the Company as at 31 December 2018 and reflecting the Directors' pro forma adjustments for the impact of the following transactions which are yet to occur, but are proposed to occur immediately before or following completion of the Acquisitions:

- (i) the issue of 7,800,000 Shares in consideration for the acquisition of the issued shares in Pentium, pursuant to the Share Sale Agreement;
- (ii) the payment of \$16,000,000 (plus recoverable GST of \$1,600,000 and stamp duty of \$10,000) in consideration for the acquisition by the Company of the Ausdrill Assets pursuant to the Asset Sale Agreement, comprising plant and equipment with an estimated value of \$13,000,000 and inventory with an estimated value of \$3,000,000;
- (iii) the issue of Shares and/or cash payments to Mr Hutchinson, Mr Ismail and Mr Young in consideration for past services provided by these directors (see below);
- (iv) the receipt of \$8.8 million under the Debt Facility pursuant to the Financing Agreement. This includes an amount of \$800,000 which will be repaid within 4 months of draw down. Refer to Section 7.2 for the key terms of the Financing Agreement;
- (v) the issue to Mr Peter Hutchinson (or his nominee) of 10,000,000 options to acquire fully paid ordinary shares in the Company at an exercise price of 5.4 cents per share, exercisable up to five years from the date of issue;
- (vi) the issue of a minimum of 92,592,592 and a maximum of 129,629,630 Shares at 5.4 cents each to raise a minimum of \$5,000,000 up to a maximum of \$7,000,000 before costs pursuant to the Public Offer; and
- (vii) the payment of cash costs related to the Public Offer estimated to be a minimum of \$890,000 (Minimum Subscription) and a maximum of \$1,020,000 (Full Subscription).

The pro forma cash and cash equivalents in the Pro Forma Historical Statement of Financial Position takes into account the transactions above, and therefore does not include either the receipt of recoverable GST or the \$800k debt repayment referred to in (ii) and (iv) above, nor the net operating costs of the Company since 31 December 2018 to the date of this Prospectus (excluding costs of the Offers and Acquisitions).

Under the terms of the Directors Past Service Offer, Mr Hutchinson, Mr Ismail and Mr Young may each elect to receive (in aggregate) either 24,000,000 fully paid ordinary shares in the Company or a cash payment (in aggregate) of \$1,296,000, or may elect to receive a combination of cash and shares provided that the maximum value to be provided to them (in aggregate) does not exceed \$1,296,000 (with the Shares being valued at 5.4 cents per share). Mr Hutchinson, Mr Ismail and Mr Young intend to make this election having regard to the amount secured under the Public Offer so as to ensure that the Company will have available funds of at least \$20,373,000 (just prior to completion of the Acquisitions, net of operating expenses since 1 April 2019 and before transaction costs). Refer to Section 1.2(b) for further details.

In order to illustrate the effect of Mr Hutchinson, Mr Ismail and Mr Young receiving either Shares or cash, the Pro Forma Historical Financial Information for the full subscription scenario shows the pro forma financial position of the Company separately for the scenarios where:

- (a) the Company issues 24,000,000 Shares to Mr Hutchinson, Mr Ismail and Mr Young, i.e. the whole amount is received in Shares; and
- (b) the Company makes a cash payment of \$1,296,000 to Mr Hutchinson, Mr Ismail and Mr Young, i.e. the whole amount is received as cash.

3. Statement of significant accounting policies

(a) Basis of preparation

The Financial Information has been prepared under the historical cost convention and in accordance with the recognition and measurement requirements of Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.

The significant accounting policies that have been adopted in the preparation of the Financial Information are set out below.

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

(b) Principles of consolidation

The Pro Forma Statement of Financial Information incorporates the assets and liabilities of Pentium and is therefore presented on a consolidated basis.

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. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

(c) 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.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value on an 'average cost' basis. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables are recognised at amortised cost, less any provision for impairment.

(g) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period 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.

(i) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(j) Fair value measurement

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

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

(k) 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.

(l) 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.

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

(m) New Accounting Standards

The following Australian Accounting Standards have recently been issued or amended and are applicable to the Financial Information set out above.

AASB No.	Title	Application for annual reporting periods beginning
AASB 9	Financial Instruments	1 January 2018
AASB 15	Revenue from Contracts with Customers	1 January 2018

AASB 9 'Financial Instruments'

AASB 9 supersedes pronouncement AASB 139 'Financial Instruments: Recognition and Measurement' and was adopted by the Company effective 1 July 2018. This standard brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment; and hedge accounting. With the exception of hedge accounting, the Company has applied AASB 9 retrospectively, with the initial application date of 1 July 2018, as mentioned above. The Company does not currently apply hedge accounting.

As at the date of initial application, the effect of adopting AASB 9 did not have material impact on the transactions and balances recognised in the Company's financial statements.

The Company's accounting policies for financial instruments from 1 July 2018 are as follows:

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit and loss.

The classification of financial instruments at initial recognition depends on the financial asset's contractual cashflow characteristics and the Company's business model for managing them. With the exception of the Company's trade receivables that do not contain a significant financing component, the Company initially measures the financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs.

Financial liabilities are classified, at initial recognition, as financial liabilities through fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade creditors and other payables.

AASB 15 'Revenue from Contracts with Customers'

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations and it applies, with limited exceptions to all revenue arising from contracts with an entity's customers.

AASB 15 requires the Company to exercise judgement, taking into account all the relevant facts and circumstances when applying each step of the model to contracts with customers. At the initial date of application (1 July 2018), the effect of adopting AASB 15 did not have a material impact on the transactions and balances recognised in the financial statements. The Company's accounting policy for revenue and other income is as follows:

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is recognised as interest revenue.

(n) 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 Company.

AASB 16 'Leases'

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred.

A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.

Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

As the Company is not party to any leases as at the date of the Prospectus, the Directors do not expect implementation of this standard to have a material effect on the Financial Information

(o) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. There are no judgements, estimates and assumptions in the Financial Information that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Cash and cash equivalents

	Note	Minimum	Maximum (DPSO -Shares)	Maximum (DPSO - Cash)
		\$000	\$000	\$000
As at 31 December 2018		7,372	7,372	7,372
Pro forma adjustments:				
Purchase of the Assets	(ii)	(17,610)	(17,610)	(17,610)
Cash payments under Directors' Past Service Offer	(iii)	-	-	(1,296)
Receipt of debt funding	(iv)	8,800	8,800	8,800
Proceeds from the Offer	(vi)	5,000	7,000	7,000
Cash costs of the Offer	(vii)	(890)	(1,020)	(1,020)
Pro forma cash and cash equivalents		2,672	4,542	3,246

5. Trade and other receivables

	Note	Minimum	Maximum (DPSO -Shares)	Maximum (DPSO - Cash)
		\$000	\$000	\$000
As at 31 December 2018		14	14	14
Pro forma adjustments:				
Other receivables acquired through Pentium Acquisition	(i)	2	2	2
GST recoverable on purchase of the Assets	(ii)	1,600	1,600	1,600
Pro forma trade and other receivables		1,616	1,616	1,616

6. Inventory

	Note	Minimum	Maximum (DPSO -Shares)	Maximum (DPSO - Cash)
		\$000	\$000	\$000
As at 31 December 2018		15	15	15
Pro forma adjustments:				
Inventory acquired pursuant to the Assets Acquisition	(ii)	3,000	3,000	3,000
Pro forma inventory		3,015	3,015	3,015

7. Property, plant and equipment

	Note	Minimum	Maximum (DPSO -Shares)	Maximum (DPSO - Cash)
		\$000	\$000	\$000
As at 31 December 2018		-	-	-
Pro forma adjustments:				
Consideration for Pentium allocated to PP&E	(i)	439	439	439
PP&E acquired pursuant to the Assets Acquisition	(ii)	13,000	13,000	13,000
Pro forma property, plant and equipment		13,439	13,439	13,439

8. Trade and other payables

	Note	Minimum	Maximum (DPSO -Shares)	Maximum (DPSO - Cash)
		\$000	\$000	\$000
As at 31 December 2018		19	19	19
Pro forma adjustments:				
Trade payables acquired through Pentium Acquisition	(i)	20	20	20
Pro forma trade and other payables		39	39	39

9. Borrowings (Current)

	Note	Minimum	Maximum (DPSO -Shares)	Maximum (DPSO - Cash)
		\$000	\$000	\$000
As at 31 December 2018		-	-	-
Pro forma adjustments:				
Debt funding		800	800	800
Pro forma borrowings (Current)		800	800	800

10. Borrowings (Non-Current)

	Note	Minimum	Maximum (DPSO -Shares)	Maximum (DPSO - Cash)
		\$000	\$000	\$000
As at 31 December 2018		-	-	-
Pro forma adjustments:				
Debt funding	(iv)	8,000	8,000	8,000
Pro forma borrowings (Non-Current)		8,000	8,000	8,000

11. Issued Capital

	Note	Minimum	Maximum (DPSO -Shares)	Maximum (DPSO - Cash)
		No.	No.	No.
Issued share capital as at 31 December 2018		136,228,616	136,228,616	136,228,616
Pro forma adjustments:				
Issue of Shares as consideration for Pentium acquisition	(i)	7,800,000	7,800,000	7,800,000
Issue of Shares under Directors' Past Service Offer	(iii)	24,000,000	24,000,000	-
Shares issued pursuant to the Offer	(iv)	92,592,592	129,629,630	129,629,630
Pro forma issued share capital		260,621,208	297,658,246	273,658,246

	Note	Minimum	Maximum (DPSO -Shares)	Maximum (DPSO - Cash)
		\$000	\$000	\$000
As at 31 December 2018		29,912	29,912	29,912
Pro forma adjustments:				
Issue of Shares as consideration for Pentium acquisition	(i)	421	421	421
Issue of Shares under Directors' Past Service Offer	(iii)	1,296	1,296	-
Shares issued pursuant to the Offer	(vi)	5,000	7,000	7,000
Cash costs associated with the issue of Shares	(vii)	(400)	(534)	(534)
Pro forma issued share capital		36,229	38,095	36,799

(a) Options

As at the date of the Prospectus, there are no options on issue.

Pursuant to the Chairman's Option Offer, 10,000,000 Options will be issued to Mr Peter Hutchinson. Each Option has an exercise price of 5.4 cents and entitles the holder to subscribe for one ordinary share in the Company on exercise of the Option.

The pro forma fair value of Options is A\$0.0241 per Option. The Options have been valued using the Hull-White pricing model based on the following assumptions:

Share price	A\$0.054
Exercise price	A\$0.054
Expiry period	5 years
Expected future volatility	75%
Risk free rate	1.39%
Dividend yield	Nil

The terms and conditions of the Options are set out in section 8.2 of the Prospectus.

12. Accumulated Losses at 31-Dec-18

	Note	Minimum	Maximum (DPSO -Shares)	Maximum (DPSO - Cash)
		\$000	\$000	\$000
Accumulated losses as at 31 December 2018		(22,529)	(22,529)	(22,529)
Pro forma adjustments:				
Stamp duty relating to the Assets Acquisition	(ii)	(10)	(10)	(10)
Issue of Shares under Directors' Past Service Offer	(iii)	(1,296)	(1,296)	(1,296)
Issue of Options to Mr Peter Hutchinson under the Chairman's Option Offer	(v)	(241)	(241)	(241)
Cash costs expensed	(vii)	(490)	(486)	(486)
Pro forma accumulated losses		(24,566)	(24,562)	(24,562)

13. Contingent assets and liabilities

The Company had no contingent assets or contingent liabilities as at 31 December 2018.



5. Investigating Accountant's Report



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10 July 2019

The Directors
Vysarn Limited
108 Outram Street
WEST PERTH WA 6005

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

Independent Limited Assurance Report ("Report") on Vysarn Limited Historical and Pro Forma Historical Financial Information

Introduction

We have been engaged by Vysarn Limited ("Vysarn" or the "Company") to report on the historical financial and pro forma financial information of the Company as at 31 December 2018 for inclusion in a prospectus ("Prospectus") of Vysarn to be dated on or about 10 July 2019. The Prospectus is being issued by the Company in connection with a public offering and re-compliance by the Company with the admission requirements of the Australian Securities Exchange ("ASX"). Under the Prospectus, the Company is offering up to 129,629,630 ordinary shares at an issue price of 5.4 cents per share to raise up to \$7.0 million (before costs), subject to a minimum subscription of \$5.0 million (the "Offer").

Expressions and terms defined in the Prospectus have the same meaning in this Report.

The future prospects of the Company, other than the preparation of Pro Forma Historical Financial Information, assuming completion of the transactions summarised in Section 4.3 of the Prospectus, are not addressed in this Report. This Report also does not address the rights attaching to the shares to be issued pursuant to the Prospectus, nor the risks associated with an investment in shares in the Company.

Background

Vysarn is an Australian public limited company, which was incorporated on 1 March 2007 and was admitted to the ASX on 14 December 2007. The Company's most recent operations were aluminium recycling and salt slag processing. However, the processing plant was closed in September 2015, since which time the Company has largely been dormant. On 14 July 2016 the Company's securities were suspended from official quotation on the ASX, pending its acquisition of a new undertaking and re-compliance with Chapters 1 and 2 of the Listing Rules.

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RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

On 11 April 2019, the Company announced that it had entered into an agreement with Ausdrill Northwest Pty Ltd (a wholly owned subsidiary of Ausdrill Limited), under which it will acquire various waterwell drilling assets and associated inventory for a purchase price of \$16 million, payable in cash (the "Asset Sale Agreement"). This transaction is subject to satisfaction of a number of conditions precedent, which include the Company raising the required funds to complete the transaction and obtaining all necessary ASX and shareholder approvals. The transaction will involve:

- a) the acquisition of the entire issued share capital of Pentium Hydro Pty Ltd ("Pentium"), an Australian proprietary company incorporated on 15 January 2019 for the purpose of seeking drilling opportunities; and
- b) the acquisition by Pentium of the drill rig assets (including inventory) in accordance with the terms of the Asset Sale Agreement.

(together, the "Acquisitions").

Scope

Historical financial information

You have requested RSM Corporate Australia Pty Ltd ("RSM") to review the historical financial information of the Company included in Section 4 of the Prospectus, and comprising the statement of financial position of the Company as at 31 December 2018 (the "Historical Financial Information").

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles of Australian Accounting Standards and the Company's adopted accounting policies.

The Historical Financial Information for the Company has been extracted from its financial statements for the half year ended 31 December 2018, which were reviewed by Pitcher Partners BA&A Pty Ltd in accordance with Australian Auditing Standards and the *Corporations Act 2001*. The review report issued for the half year ended 31 December 2018 included an unqualified opinion.

The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro forma historical financial information

You have requested RSM to review the pro forma historical statement of financial position as at 31 December 2018 (the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company after adjusting for the effects of the pro forma adjustments described in Section 4.3 of the Prospectus. The stated basis of preparation is the recognition and measurement principles of Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the subsequent events and pro forma adjustments relate, as described in Section 4.3 of the Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or statement of financial performance.

The pro forma adjustments include the acquisition of Pentium. The historical financial information for Pentium has been extracted from its financial statements for the period from its incorporation to 14 June 2019, which were audited by RSM Australia Partners in accordance with Australian Auditing Standards and the *Corporations Act 2001*. The audit report issued on the financial statements for that period included an unqualified audit opinion.

Directors' responsibility

The Directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and the Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making such enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our procedures included:

- A consistency check of the application of the stated basis of preparation to the Historical and Pro Forma Historical Financial Information;
- A review of the Company's work papers, accounting records and other documents;
- A review of the audit workpapers, accounting records and other documents of Pentium Hydro;
- Enquiry of directors, management personnel and advisors;
- Consideration of pro forma adjustments described in Section 4.3 of the Prospectus; and
- Performance of analytical procedures applied to the Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Historical Financial Information or the Pro Forma Historical Financial Information.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in Section 4.3 of the Prospectus, and comprising the statement of financial position of the Company as at 31 December 2018, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.3 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 4.3 of the Prospectus, and comprising the pro forma statement of financial position of the Company as at 31 December 2018, is not presented fairly in all material respects, in accordance with the stated basis of preparation, as described in Section 4.3 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Responsibility

RSM has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM has not authorised the issue of the Prospectus. Accordingly, RSM makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

Disclosure of Interest

RSM does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. RSM will receive a professional fee for the preparation of this Report.

Yours faithfully



JUSTIN AUDCENT
Director



6. Risk Factors

The Securities offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities pursuant to this Prospectus.

The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by the holders of Securities. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

6.1 Specific Risks

(a) Conditional Acquisitions and Re-compliance with Chapters 1 and 2 of the Listing Rules

As part of the Company's change in nature and scale of activities, the ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This prospectus has been issued to assist the Company to re-comply with these requirements. It is anticipated that the Shares will remain suspended until completion of the Public Offer, completion of the Acquisitions, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions the ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that the Shares will consequently remain suspended from quotation.

Further, pursuant to ASX's long term suspended entities policy in ASX Guidance Note 33, ASX will automatically remove from the Official List any entity whose securities have been suspended from trading for a continuous period of three years. As the Company's securities have been suspended from official quotation since 14 July 2016, it will be required to seek an extension to the delisting deadline from ASX to complete the Acquisitions. As detailed in the indicative timetable on page 12, the Company anticipates that completion of the Acquisitions will occur in late August 2019. ASX Guidance Note 33 provides that in these circumstances, ASX may grant an extension to the delisting deadline of up to 3 months, provided the Company is in the 'final stages'

of implementing the Acquisitions. The Company expects to be able to demonstrate to ASX that it is in the 'final stages' of implementing the Acquisitions with the lodgement of this Prospectus being the final condition to be granted the extension from ASX to the delisting deadline. The Company will release an ASX announcement to advise the market if it is granted an extension and the period of the extension. However, ASX has ultimate discretion and there is no guarantee that an extension will be granted. If ASX does not grant the extension, or if an extension is granted but the Company fails to complete the Acquisitions and relist by the extended delisting date, the Acquisitions will not proceed, and the Company will be removed from the Official List of the ASX.

(b) Contractual and completion risk

Pursuant to the Asset Sale Agreement and Share Sale Agreement, the Company has agreed to acquire the Assets and Pentium subject to fulfilment of certain conditions precedent. If any of the conditions precedent are not satisfied or waived, or any of the counterparties do not comply with their obligations, completion of the Acquisitions may be deferred or not occur. Further, draw down under the Debt Facility is conditional on the satisfaction of various conditions (see Section 7.2 for further details). If these conditions are not satisfied or waived, the Company will not be able to draw down under the Debt Facility and will not have sufficient funds to complete the Acquisitions. Failure to complete the Acquisitions would mean the Company may not be able to meet the requirements of the ASX for re-quotation of its Securities, and the Company's listed securities will remain suspended from quotation until such time as the Company does re-comply with the Listing Rules.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Asset Purchase Agreement, the Share Sale Agreement and the Financing Agreement. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

(c) Dilution risk

The Company currently has 136,228,616 Shares on issue. On completion of the Acquisitions, the Company proposes to issue Shares under the Public Offer, Pentium Offer and the Director Past Services Offer (if Mr Hutchinson, Mr Ismail and/or Mr Young elect to receive Shares), as well as the Executive Performance Rights and the Options to the Chairman.

On completion of the Acquisitions, (assuming Mr Hutchinson, Mr Ismail and Mr Young elect to receive Shares under the Director Past Services Offer and \$5 million is raised under the Public Offer), the existing Shareholders will retain approximately 52.27% of the issued capital of the Company, the Pentium Vendors (and/or their nominees) will hold an aggregate of 2.99% (disregarding their possible participation in the Public Offer), the Shares issued under the Director Past Services Offer will comprise 9.21% and the investors under the Public Offer will hold an aggregate of 35.53% of the issued capital of the Company.

If the performance conditions attaching to the Executive Performance Rights are met and these performance rights are converted into Shares, and/or if the Options to be issued under the Chairman's Option Offer are exercised, it will result in further dilution.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the future development of the Company.

(d) New Business

The Company is acquiring the Assets to establish a new hydrogeological drilling and water management services and solutions business. The Company's ability to generate revenue will depend on the Company being successful in attracting and retaining clients. Whilst the incoming Executive Directors have extensive industry experience, there is no guarantee that the Company will be successful in attracting and retaining clients.

Potential clients may be resistive to the fact the services will be provided by a newly established business. Any new clients will be subject to the parties entering into commercial agreements which will be subject to negotiations, and there is no guarantee that any agreements will be entered into.

As detailed in Section 2.3(c), the Company is in advanced discussions with a number of parties with respect to entering into commercial contracts, however there can be no guarantee that these contracts will be signed.

(e) Climate risk

The Company will be exposed to a number of natural events such as cyclones, seasonal rainfalls, flash flooding and fire which are beyond its control. Whilst intense and prolonged wet weather events generally play a part in groundwater replenishment, the same events may cause operational delays. Any natural events could affect the Company's productivity and ability to engage in contract drilling for customers, which in turn could have an adverse effect on the financial performance of the Company.

(f) Demand risk

The Company's business depends on, among other things, the level of activity in the industries it will service, in particular the resources, construction

and utilities industries. The level of activity in these industries will depend on a number of factors outside of the Company's control. A decline in the level of activity in these industries could impact on the demand for the services to be offered by the Company, which could affect its performance.

(g) Technology risk

The drilling industry (like many other industries) is subject to the risk that advances in technology could partly or completely displace existing assets or services. If new technology is developed that could offer the services to be provided by the Company in a better or more efficient way, it could adversely affect the Company's ability to service clients and obtain new clients, which could affect its performance.

(h) Future capital requirements

The Company's growth through its hydrogeological drilling business and water management services solutions will require substantial expenditure. The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Company is able to secure and retain clients. As noted in Section 2.3(c), the Company is in advanced discussions with a number of potential clients, but there is no guarantee that these discussions will lead to binding contracts. The future capital requirements of the Company will depend on many factors including its business development activities. While the Company believes its available cash and the net proceeds of the Public Offer and Debt Facility should be adequate to fund its business development activities and other Company objectives in the short term as stated in this Prospectus, there can be no guarantees that it will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

After the substantial exhaustion of the net proceeds of the Public Offer, Debt Facility and existing cash reserves, the Company may require additional funding for working capital and/or to fund its growth strategy. There can be no assurance that the Company will be able to obtain additional resources on terms acceptable to the Company or if at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any further debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(i) Liquidity Risk

On completion of the Acquisitions, the Company will issue the Pentium Securities, Shares under the Director Past Services Offer (if Mr Hutchinson, Mr Ismail and/or Mr Young elect to receive Shares),

Executive Performance Rights, Options pursuant to the Chairman's Option Offer and Public Offer Shares. Some of these Securities will be subject to escrow restrictions in accordance with Chapter 9 of the Listing Rules, which may have an adverse effect on the liquidity of the Company's securities.

(j) Environmental

Environmental management and compliance is an important part of the hydrogeological drilling business. The Company will be exposed to numerous laws, regulations and guidelines relating to the protection of the environment. The Company will put in place policies and procedures to ensure compliance with environmental laws. Should the Company's policies, procedures or actions fail to comply with environmental laws the Company may incur environmental liability, regulatory penalties, or have licences suspended, cancelled or subject to additional conditions.

(k) Operational risks and Asset conditions and maintenance

The Company's business will depend significantly on the Assets, and the ability of the Assets to perform the services to be offered by the Company. The Company will put in place adequate procedures to ensure the Assets are properly maintained and in good working condition including through regular maintenance. The Company intends to implement a maintenance strategy underpinned by both preventative and planned measures. However, there is the risk that the Assets may be faulty or break down or not perform to the levels expected by the Company, which could have an adverse effect on the Company's operating and financial performance.

In addition to equipment failures, the Company may be exposed to information technology system failures, external services failure, industrial action or disputes and natural disasters. The Company will take steps to mitigate these operations risks and to insure against them but cannot completely guard itself against these risks. Any disruption to the Company's intended operations could have an adverse impact on its performance.

(l) Failure of systems and processes

There can be no assurance that internal control systems and procedures of the Company will not result in, or lead to, a future material weakness or loss of accreditations, including a failure of systems to ensure effective control of costs across projects and operations. Whilst the Company will ensure that it has systems and policies and processes in place to manage general personnel risk (including ensuring that all employees are aware of those policies and procedures), the Company cannot guarantee that an individual will not engage in conduct contrary to the Company's internal controls, system, business rules, policies and procedures or the law (including fraudulent activity). Any such action could adversely affect the

Company's ability to deliver projects and have an adverse impact on the Company and its brand.

(m) Reliance on key management personnel and labour shortages

The Company will be reliant on a number of key personnel and consultants. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be difficult for the Company to attract and retain suitably qualified and experienced people, due to the relatively small size of the Company, compared with other industry participants.

Further, the Company's business will be reliant on its ability to attract and retain appropriately skilled staff to be able to operate the Assets and support the Company's operations. The Company may undertake projects in remote locations where there may be an increased risk of labour shortages and/or the costs of labour may be higher. A failure by the Company to attract and/or retain staff may adversely affect the Company's performance.

(n) Contractual disputes

As with any contract, there is a risk that the business could be disrupted in situations where there is a disagreement or dispute in relation to a term of the contract. Should such a disagreement or dispute occur, this may have an adverse impact on the Company's operations and performance generally. It is not possible for the Company to predict or protect itself against all such risks.

(o) Competition

The Company will be subject to competition from other operators in the resources, construction and infrastructure drilling services industries internationally and domestically. As a new business, the Company will face competitors who have an established foothold and existing contracts and industry contacts. The Company considers that it will be well placed to compete for tenders, having regard to the Assets it is acquiring, the experience and network of the Directors and the Company's capacity to expand, however this cannot be guaranteed. A number of factors, including any one or more of the following, could increase the market share of any of those competitors and materially affect the Company's financial performance and position:

- (i) acquiring new assets to expand capacity (although lead times for acquiring Dual Rotary rigs can be significant);
- (ii) acquiring or developing technologies which give them a competitive advantage;
- (iii) lowering prices;
- (iv) increasing scale or range of products or services; or
- (v) undertaking strategic moves to combine or consolidate their business.

(p) Insurance

The Company intends to insure its operations in accordance with industry practice. However, insurance of all risks associated with hydrogeological drilling is not always available and, where it is available, the cost may be high. The Company will have insurance in place considered appropriate for the Company's needs.

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as extreme weather conditions, floods and earthquakes. Such occurrences could result in damage to buildings, personal injury or death, environmental damage to properties of the Company or others, delays in drilling, monetary losses and possible legal liability.

It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of hydrogeological drilling is not generally available to the Company or to other companies in the drilling industry on acceptable terms.

The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. In addition, there is a risk that an insurer defaults in the payment of a legitimate claim by the Company.

(q) Occupational health and safety risk

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Exploration and drilling activities have inherent risks and hazards. The Company will ensure that it provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems. However, any occupational health and safety incidents could have an adverse impact on the Company's operations, performance and reputation.

(r) Resources industry and commodity pricing risk

A key focus of the Company on completion of the Acquisitions will be on providing services to the resources industry. This industry is exposed to a number of factors including fluctuations in commodity prices and exchange rates. Commodity prices fluctuate and are affected by many factors beyond the control of the Company, including supply and demand for, technological advancements, forward selling activities and other macroeconomic factors. Any downturn in the resources industry may have an adverse effect on the operations and financial performance of the Company.

6.2 General risks**(a) Economic risks**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, include, but are not limited to:

- (i) general economic conditions;
- (ii) changes in government policies, taxation and other laws;
- (iii) the strength of the equity and share markets in Australia and throughout the world;
- (iv) movement in, or outlook on, exchange rates, interest rates and inflation rates;
- (v) industrial disputes in Australia and overseas;
- (vi) changes in investor sentiment toward particular market sectors;
- (vii) financial failure or default by an entity with which the Company may become involved in a contractual relationship; and
- (viii) natural disasters, social upheaval or war.

(b) Litigation risks

The participation by the Company in the hydrogeological drilling industry may expose the Company to possible litigation risks, including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. The Company may also be involved in disputes with other parties in the future which may result in litigation.

Further, the Company has previously been in the business of mineral exploration, followed by aluminium recycling and salt slag processing. As with any operating business, there is a risk that claims could be made against the Company in respect of its previous operations and assets even if the Company is no longer involved in those operations or no longer holds the relevant assets.

Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

The Company is not presently involved in litigation and the Directors are not aware of any basis on which any litigation against the Company may arise.

(c) Market conditions

Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return to Shareholders arising from the Acquisitions or otherwise.

(d) Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

(e) Macro-economic risks

Changes in the general economic outlook in Australia and globally may impact the performance of the Company and its projects. Such changes may include:

- (i) uncertainty in the Australian economy or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
- (ii) increases in expenses (including the cost of goods and services used by the Company);
- (iii) new or increased government taxes, duties or changes in taxation laws; and
- (iv) fluctuations in equity markets in Australia and internationally.

A prolonged and significant downturn in general economic conditions may have a material adverse impact on the Company's trading and financial performance.

(f) Broader general risks

There are also a number of broader general risks which may impact the Company's performance. These include:

- (i) abnormal stoppages in normal business operations due to factors such as war, political or civil unrest, infrastructure failure or industrial disruption; and
- (ii) higher than budgeted costs associated with the provision of service offerings.



.....
Westpac will provide
an \$8.8 million Debt
Facility to assist to fund
the acquisition of the
Ausdrill Assets.
.....



7. Material Contracts

7.1 The Acquisitions

(a) Asset Sale Agreement

On 11 April 2019, the Company announced it had entered into the Asset Sale Agreement with Ausdrill (a wholly owned subsidiary of Ausdrill Limited) and Pentium pursuant to which the Company will acquire the Assets from Ausdrill (**Asset Sale Agreement**).

In consideration for the acquisition of the Assets, the Company has agreed to pay Ausdrill \$16,000,000 at completion. The consideration will be paid by the Company from existing cash, funds from the Public Offer and the Debt Facility from Westpac.

Following Shareholder approval of the Acquisitions obtained at the General Meeting held on 5 July 2019, completion of the acquisition of the Assets remains conditional upon the satisfaction (or waiver) of the following conditions precedent:

- (i) **Finance:** the Company having available to it on an unconditional basis, sufficient cash amounts (from existing cash reserves, equity or debt funding) to satisfy the obligation to pay the \$16,000,000 purchase price;
- (ii) **ASX Approval:** the Company obtaining all necessary ASX approvals to give effect to the acquisition of the Assets; and
- (iii) **Ausdrill Consents:** Ausdrill obtaining any consents or releases that may be required under any agreement and/or any financing arrangements or facilities to allow the sale of the Assets free of any encumbrances,

(together, the **Remaining Conditions**).

If the Remaining Conditions are not satisfied (or waived) on or before Sunday, 31 August 2019, the Asset Sale Agreement may be terminated by the Company or Ausdrill.

The Asset Sale Agreement provides that the Company and Pentium are joint buyers of the Assets from Ausdrill and it is intended that Pentium will be nominated as the entity to acquire the Assets (by which time Pentium will be a wholly owned subsidiary of the Company following completion under the Share Sale Agreement - described further below).

The Asset Sale Agreement also contains other standard clauses customary to an agreement of this nature, including representations, warranties, covenants and indemnities given by each party.

(b) Share Sale Agreement

On 11 April 2019, the Company announced it had entered into the Share Sale Agreement with Insight Ecosys Pty Ltd (controlled by Mr Chris Brophy) and Connada Pty Ltd (controlled by Mr Sheldon Burt), pursuant to which the Company will acquire the entire issued share capital of Pentium from the Pentium Vendors.

In consideration for the acquisition of Pentium, the Company has agreed to issue to the Pentium Vendors (and/or their nominees) a total of 7,800,000 Shares.

Following Shareholder approval of the Acquisitions obtained at the General Meeting, completion of the acquisition of Pentium remains subject to all of the conditions precedent to the Asset Sale Agreement being satisfied.

If the remaining condition precedent is not satisfied (or waived) on or before 5.00pm (WST) on 15 November 2019, the Share Sale Agreement may be terminated by the Company or the Pentium Vendors.

It is proposed that completion of the Pentium Acquisition will occur immediately prior to completion of the acquisition of the Assets, such that at the time the Assets are acquired by Pentium under the Assets Sale Agreement, Pentium will be a wholly owned subsidiary of the Company.

The Share Sale Agreement also contains other standard clauses customary to an agreement of this nature, including representations, warranties and covenants given by each party.



7.2 Financing Agreement

The Company has entered into the Financing Agreement with Westpac under which Westpac has agreed to provide the Debt Facility of \$8.8 million to Pentium, which is guaranteed by the Company. The key terms of the Financing Agreement are set out below:

- (a) **Loan Amount:** \$8,800,000.
- (b) **Term:** 48 months from drawdown of the facility.
- (c) **Interest Rate:** 4.41% (total estimated interest of \$888,504.28).
- (d) **Repayment Schedule:**
 - (i) 3 monthly repayments of \$26,608.67;
 - (ii) 1 monthly repayment of \$826,608.67;
 - (iii) 8 monthly repayments of \$26,608.67; and
 - (iv) 36 monthly repayments of \$238,033.34.
- (e) **Security:** The Debt Facility will be secured against all of the Assets as well as secured against all of the assets held by the Company and Pentium.
- (f) **Conditions Precedent:** Drawdown of the Debt Facility is subject to satisfaction or waiver of the following conditions precedent:
 - (i) the Company receiving conditional approval for re-quotation of the Shares on the Official List and the Company demonstrating to Westpac's satisfaction (acting reasonably) that it will satisfy all of those conditions (save for the condition relating to completion of the Assets Acquisition);
 - (ii) the Company completing the Public Offer;
 - (iii) the Asset Sale Agreement being reviewed and confirmed as acceptable to Westpac's legal counsel;
 - (iv) a third party inspection and maintenance report of the Assets being prepared for review and confirmation as acceptable to Westpac;
 - (v) provision of a planned maintenance schedule for the Assets to Westpac;
 - (vi) the Company having adequate insurance arrangements in place to the satisfaction of Westpac;
 - (vii) the assignment of the Hancock Contract to the Company or Pentium; and
 - (viii) the Company entering into any of the following:
 - (A) an assignment of the Roy Hill Contract;
 - (B) Ausdrill entering into an agreement with the Company to dry hire the relevant Assets used for the Roy Hill Contract;

(C) a new contract with Roy Hill; or

(D) an alternative contract for dry hire of some of the Assets for a minimum period of 6 months with a counterparty acceptable to Westpac.

- (g) **Default:** The Financing Agreement is subject to various events of default standard for a facility of this nature. The events of default include a range of circumstances, including a failure to make payments under the facility, insolvency, a default under other financing or debt facilities, a change of control in the Company or Pentium or a failure to comply with obligations under the Financing Agreement relating to the Assets. These events of default entitle Westpac to terminate the facility and demand immediate repayment of all outstanding amounts under the facility.
- (h) **Guarantee:** The Company has agreed to guarantee the obligations of Pentium under the Financing Agreement, which includes assuming liability for any default by Pentium.

The Financing Agreement also contains other standard conditions and obligations customary to an agreement of this nature, including obligations relating to the maintenance and ownership of the Assets, representations, warranties and covenants given by each party.

7.3 Corporate Advisor and Lead Manager Mandate

The Company has entered into a corporate advisor and lead manager mandate with Otsana Pty Ltd (**Lead Manager**) (**Mandate**). Under the terms of the Mandate, the Company will pay the Lead Manager (and/or its nominee) a fee of \$180,000 (excluding GST) for corporate advisory and project management services provided in connection with the Acquisitions, and a capital raising fee of 6% (excluding GST) on the amount raised under the Public Offer.

The services are otherwise being provided on terms standard for an agreement of this nature.

Mr Ismail and Mr Young are Directors and shareholders of Otsana. The Board, in the absence of Mr Ismail and Mr Young, considers the agreement to be on arms' length and commercial terms.

7.4 Executive Service Agreements

The Company has entered into an executive services agreement with each of Mr Sheldon Burt and Mr Chris Brophy in respect of their proposed employment as Executive Directors of the Company, subject to completion of the Acquisitions. The terms of Mr Burt and Mr Brophy's agreements are the same, and the key terms are set out below:

- (a) **Remuneration:** Each Executive Director will receive:
- (i) a commencement fee of \$10,500;
 - (ii) a base salary of \$300,000 per annum, excluding mandatory superannuation contributions;
 - (iii) a short term incentive of up to \$150,000 per annum, subject to the achievement of certain short term incentive key performance indicators; and
 - (iv) a long term incentive being the issue of 5,000,000 Performance Rights on the terms set out in Section 8.3.
- (b) **Confidential information and intellectual property:** each Executive Director agrees to protect the Company's confidential information and acknowledges that any intellectual property created by him whilst an employee of the Company is the property of the Company.
- (c) **Restraint:** each Executive Director agrees to non-compete provisions protecting the Company's legitimate business interests within Australia for a period of 6 months after termination (subject to any restriction by a court).
- (d) **General termination:** the agreement can be terminated:
- (i) by either party for no reason by giving 3 months' notice in writing to the other party;
 - (ii) by the Executive Director if the Company breaches the agreement and does not remedy the breach within 10 business days of notice of breach; and
 - (iii) by the Company effective immediately in the event the Executive Director is guilty of gross misconduct, becomes bankrupt or insolvent, is convicted of a criminal offence or other similar grounds.
- (e) **Termination on material diminution:** an Executive Director can terminate the agreement if he suffers a material diminution in his status or position in the Company. If this occurs:
- (i) within 2 years of employment, the Company will pay the Executive Director an amount equal to 3 months base salary, and all of the Performance Rights held by him shall vest subject to any restrictions the Board may impose; and
 - (ii) after 2 years of employment, the Company will pay the Executive Director an amount equal to 3 months base salary, and 50% of the Performance Rights held by him shall vest subject to any restrictions the Board may impose.

7.5 Director Past Services Agreements

The Company has entered into past services fee arrangement agreements with each of Mr Hutchinson, Mr Ismail and Mr Young (or their nominated entities). As detailed in Section 1.2(b), these Directors have committed significant time and effort into restructuring and operating the Company, seeking and considering various acquisition opportunities, and progressing the Acquisitions. In consideration for this, under their respective agreements, the Company has agreed to:

- (a) pay to Mr Hutchinson (or his nominee) a fee of \$837,000, or issue 15,500,000 Shares (or a combination of Shares and cash to a value of not more than \$837,000);
- (b) pay to Mr Ismail (or his nominee) a fee of \$229,500 or issue 4,250,000 Shares (or a combination of Shares and cash to a value of not more than \$229,500); and
- (c) pay to Mr Young (or his nominee) a fee of \$229,500 or issue 4,250,000 Shares (or a combination of Shares and cash to a value of not more than \$229,500).

The payment of cash and/or issue of Shares to Mr Hutchinson, Mr Ismail and Mr Young was approved by Shareholders at the General Meeting held on 5 July 2019.

7.6 Non-Executive Director Appointment

The Company has entered into a non-executive director appointment letter with Mr Peter Hutchinson. Mr Hutchinson will be issued the Options under the Chairman's Option Offer. Mr Hutchinson has agreed not to receive a non-executive directors fee for 6 months following the relisting of the Company on the ASX.

The appointment shall cease if:

- (a) the non-executive Director resigns;
- (b) at the close of any general meeting of Shareholders at which a resolution of their re-election is not approved; and
- (c) the non-executive Director is removed as a director in accordance with the Corporations Act or the Constitution.

7.7 Onyx Corporate Service Agreement

The Company has entered into an agreement with Onyx Corporate under which Onyx Corporate provides accounting and company secretarial services to the Company. Under this agreement, the Company pays Onyx Corporate a fee of \$3,500 (ex GST) per month.

The Onyx Corporate service agreement otherwise contains terms standard for an agreement of this nature.

Mr Ismail and Mr Young are shareholders of Onyx Corporate and Mr Young is a Director. The Board, in the absence of Mr Ismail and Mr Young, considers the agreement to be on arms' length and commercial terms.

7.8 Deeds of Indemnity, Insurance and Access

The Company has entered into standard deeds of indemnity, insurance and access with each of Mr Hutchinson, Mr Burt and Mr Brophy, being the Directors of the Company on completion of the Acquisitions (**Deeds of Indemnity**). Pursuant to the Deeds of Indemnity, the Company will indemnify these Directors to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of these Directors and also allow these Directors to inspect Board papers in certain circumstances.

Where the Company is required by the Corporations Act, or is otherwise required by law, to seek the approval of Shareholders to the terms of, or the Company's entry into the Deeds of Indemnity, the provisions of the Deeds of Indemnity which would contravene the Corporations Act or other law, but for such approval, will not become operative until such time as such Shareholder approval has been obtained.



8. Rights Attaching to Securities

8.1 Rights attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are detailed in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy or attorney;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote in respect of each share carrying the right to vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

(c) Dividend Rights

The Directors alone may declare a dividend to be paid to Shareholders. The dividend is payable at a time determined in the directors' discretion. No dividend may be declared or paid except as allowed by the Corporations Act. No interest is

payable in respect of unpaid dividends.

(d) Winding-Up

If the Company is wound up and a surplus remains, such surplus must be distributed to the Shareholders in proportion to the number of Shares held by them, irrespective of the amounts paid up on the Shares.

(e) Shareholder Liability

As the Shares to be issued under the Offers contained in this Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(g) Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

8.2 Terms and Conditions of Options

The Chairman's Option Offer is an offer of 10,000,000 Options to Mr Hutchinson (or his nominee) to align his interests with that of Shareholders and provide incentive by enabling him to participate in the future growth and success of the Company. The issue of 10,000,000 Options to Mr Hutchinson was approved by Shareholders at the General Meeting. The terms of the Options are set out below.

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

The exercise price for each Options is \$0.054 each (**Exercise Price**).

(c) Expiry Date

Each Option will expire 5 years from the date of issue (**Expiry Date**).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company (**Notice of Exercise**) and payment of the relevant Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the relevant Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of the Shares on exercise

Within 15 Business Days after the later of the following:

- (i) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
- (ii) when excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information, the relevant date will be the date of receipt of a Notice of Exercise as detailed in item 8.2(g)(i) above,

the Company will:

- (iii) allot and issue the Shares pursuant to the exercise of the Options;
- (iv) as soon as reasonably practicable and if required, give the ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) apply for Official Quotation on the ASX of Shares issued pursuant to the exercise of the Options.

(h) Shares issued on exercise

The Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of the Shares issued on exercise

If admitted to the official list of the ASX at the time, application will be made by the Company to the ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Options without exercising the Options.

(l) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the Options held by the holder had been exercised before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(m) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements

date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

(n) Unquoted

The Company will not apply for quotation of the Options on the ASX.

(o) Transferability

The Options are non-transferable.

8.3 Terms and Conditions of Performance Rights

The Company intends to issue 5,000,000 Performance Rights each to Mr Burt and Mr Brophy (or their nominees) (**Executive Performance Rights**). Mr Burt and Mr Brophy will move into Executive Director roles on completion of the Acquisitions and will play a key role in the Company's operations and growth moving forward. The issue of the Executive Performance Rights is intended as performance incentives for the Executive Directors to align their interests with the future performance and success of the Company, and with that of Shareholders.

The Executive Performance Rights are performance rights which become exercisable into Shares by the holder subject to the satisfaction of performance conditions during a performance period. The performance conditions for the Executive Performance Rights to be issued to Mr Burt and Mr Brophy and the date by which those conditions must be met (**Condition Test Date**) are as set out in the table at the bottom of this page, where the:

- (a) Employment Condition - means the holder of the Executive Performance Rights remains employed by the Company at the Condition Test Date; and
- (b) Cumulative EPS Condition - means the earnings per Share (**EPS**) based on the achievement of compound annual growth in the Company's EPS of 15% per annum from the financial year 30 June 2020, subject to a minimum EPS of \$0.01 for the financial year ending 30 June 2020. The EPS calculation will

be based on the Company's cumulative net profit after tax up until the relevant Condition Test Date divided by the weighted average number of Shares on issue over the relevant period, taking into account any new Shares issued (or cancelled by the Company in the relevant period),

(together, the **Performance Conditions**).

Subject to the satisfaction of the relevant Performance Conditions, the Executive Performance Rights will vest in equal proportions after the end of the financial years ending 30 June 2022, 30 June 2023 and 30 June 2024.

If the Performance Conditions for the Executive Performance Rights are not satisfied for the financial years ended 30 June 2020 or 30 June 2021 but subsequently satisfied on a cumulative basis for the financial year ended 30 June 2022, then the Performance Conditions for the prior two financial years will also be deemed to have been satisfied. The Board, in its sole discretion, will determine if the relevant Performance Condition has been satisfied and that the Performance Right shall vest and become exercisable into Shares.

The issue of the Executive Performance Rights to Mr Burt and Mr Brophy was approved by Shareholders at the General Meeting, and the full terms of the Executive Performance Rights are set out in the Notice of Meeting released by the Company on the ASX on 4 June 2019.

Tranche	Number of Performance Rights to vest	Condition Test Date	Performance Conditions
1	1,666,666	30 June 2022	• Employment Condition • Cumulative EPS Condition
2	1,666,666	30 June 2023	
3	1,666,668	30 June 2024	

A large blue drilling rig is mounted on a white truck at a construction site. The rig has a long vertical mast with various cables and hoses. Three workers in orange safety gear and white hard hats are standing near the base of the rig. The background shows a cloudy sky and other construction equipment. The text "The Company will be committed to providing a safe working environment." is overlaid on the right side of the image.

.....
The Company will
be committed to
providing a safe
working environment.
.....

9. Additional Information

9.1 Interests of Directors

Except as disclosed in this Prospectus, no Director (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director or Proposed of the Company for services which he or she (or entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers.

9.2 Director Holdings

As at the date of this Prospectus, the interests of the Directors and their associated entities in Securities in the Company are as follows:

Table 9.1: Director Holdings as at the Date of this Prospectus

Director	Shares	Options
Mr Peter Hutchinson	16,978,955 ¹	-
Mr Nicholas Young	-	-
Mr Faldi Ismail	-	-
Mr Sheldon Burt	-	-
Mr Chris Brophy	-	-

Notes:

1. Held via Molonglo Pty Ltd.

The maximum interests of the Directors in Company Securities, following completion of the Acquisitions and the Offers, is set out in Table 9.2 below. This table assumes that each Director will participate in the Public Offer to the maximum extent approved by Shareholders at the general meeting of the Company held on 5 July 2019, and further that Mr Hutchinson, Mr Ismail and Mr Young will elect to receive Shares (as opposed to cash) under the Director Past Services Offer. The Directors have not finally determined the extent to which they will participate in the Public Offer, and further, as detailed in Section 1.2(b), Mr Hutchinson, Mr Ismail and Mr Young will elect whether to receive cash and/or Shares under the Director Past Services Offer having regard to the amount raised under the Public Offer. However, as detailed in Section 1.10, Mr Hutchinson has advised the Company that in the event he elects to receive 15,500,000 Shares (instead of cash) under the Directors Past Services Offer, the maximum extent to which he would participate in the Public Offer is 4,629,630 Shares (subscription amount of \$250,000). As such, the maximum number of Shares Mr Hutchinson will have a relevant interest in on completion of the Acquisitions and Offers is 37,108,585 Shares (being the 16,978,955 Shares currently held plus the maximum number of 20,129,630 Shares Mr Hutchinson may acquire under the Public Offer and/or Directors Past Services Offer).

Table 9.2: Director Holdings on Completion of the Acquisitions and the Offers

Director	Shares	Options	Performance Rights
Mr Peter Hutchinson ¹	37,108,585	10,000,000	-
Mr Nicholas Young ²	9,425,926	-	-
Mr Faldi Ismail ³	9,425,926	-	-
Mr Sheldon Burt ⁴	5,751,852	-	5,000,000
Mr Chris Brophy ⁵	5,751,852	-	5,000,000

Notes:

1. Assuming Mr Peter Hutchinson subscribes for a maximum of 20,129,630 Shares under the Public Offer and elects to receive cash for past services, or alternatively elects to receive 15,500,000 Shares under the Directors Past Services Offer and subscribes for 4,629,630 Shares under the Public Offer). In addition, Mr Peter Hutchinson indirectly holds 16,978,955 via Molonglo Pty Ltd.
2. Assuming Mr Nicholas Young subscribes for a maximum of 5,175,926 Shares under the Public Offer and 4,250,000 Shares under the Directors Past Services Offer.
3. Assuming Mr Faldi Ismail subscribes for a maximum of 5,175,926 Shares under the Public Offer and 4,250,000 Shares under the Directors Past Services Offer.
4. Assuming Mr Sheldon Burt subscribes for a maximum of 1,851,852 Shares under the Public Offer.
5. Assuming Mr Chris Brophy subscribes for a maximum of 1,851,852 Shares under the Public Offer.

9.3 Remuneration of Directors

Director Remuneration to completion of the Acquisitions

The remuneration paid to the Directors in the past 2 years, and to be paid for services provided or to be provided up until completion of the Acquisitions, is as follows:

- (a) Mr Peter Hutchinson (Executive Chairman): Mr Hutchinson has not received any remuneration from the Company since his appointment as Chairman in October 2017. The Company has agreed to pay to Mr Hutchinson (or his nominee) a fee of \$837,000, or issue to him 15,500,000 Shares (or a combination of Shares and cash to a value of not more than \$837,000) on completion of the Acquisitions;
- (b) Mr Nicholas Young (Non-Executive Director): Mr Young received Directors fees of \$16,000 for the period 30 June 2017 to 1 November 2017, at which point he agreed to suspend receiving Directors fees until recently. In consideration for work since 1 November 2017 to completion of the Acquisitions, the Company recently paid Mr Young a fee of \$66,000 and will pay to Mr Young (or his nominee) a fee of \$229,500, or issue to him 4,250,000 Shares (or a combination of Shares and cash to a value of not more than \$229,500) on completion of the Acquisitions;
- (c) Mr Faldi Ismail (Non-Executive Director): Mr Ismail received Directors fees of \$16,000 for the period 30 June 2017 to 1 November 2017, at which point he agreed to suspend receiving

Directors fees until recently. In consideration for work since 1 November 2017 to completion of the Acquisitions, the Company recently paid Mr Ismail a fee of \$66,000 and will pay to Mr Ismail (or his nominee) a fee of \$229,500, or issue to him 4,250,000 Shares (or a combination of Shares and cash to a value of not more than \$229,500) on completion of the Acquisitions;

- (d) Mr Sheldon Burt (Non-Executive Director): from April 2019 and until completion of the Acquisitions, the Company has paid (or will pay) Mr Burt fees of \$7,000 per month in consideration for services provided in connection with the Acquisitions and as Directors fees; and
- (e) Mr Chris Brophy (Non-Executive Director): from April 2019 and until completion of the Acquisitions, the Company has paid (or will pay) Mr Brophy fees of \$7,000 per month in consideration for services provided in connection with the Acquisitions and as Directors fees.

Director Remuneration following completion of the Acquisitions

Following completion of the Acquisitions, Mr Nicholas Young and Mr Faldi Ismail intend to resign as Directors, with Messrs Peter Hutchinson, Sheldon Burt and Chris Brophy to remain on the Board. Mr Hutchinson will move into the role of Non-Executive Chairman, and Mr Burt and Brophy will move into Executive Director roles. The remuneration of Mr Hutchinson, Mr Burt and Mr Brophy following completion of the Acquisitions is shown in Table 9.3.

Table 9.3: Director Remuneration

Director	Title	Annual Remuneration (\$)
Mr Peter Hutchinson	Non-Executive Chairman	Nil ¹
Mr Sheldon Burt	Executive Director	300,000 ²
Mr Chris Brophy	Executive Director	300,000 ²

1 Mr Hutchinson has agreed not to receive Directors fees for a period of 6 months. Mr Hutchinson will receive 10,000,000 Options under the Chairman's Option Offer.

2 As detailed in Section 7.4 Mr Burt and Mr Brophy will be entitled to short term incentives and will also be issued 5,000,000 Performance Rights on the terms set out in Section 8.3.

9.4 Selling Restriction

This Prospectus does not constitute an offer of Securities in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Securities may not be offered or sold in any country outside Australia.

9.5 Interests of Promoters, Experts and Advisers

No Promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) holds, has, or has had in the two years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be paid to any of those persons, except as disclosed in this Prospectus and as follows:

- (d) Otsana Pty Ltd trading as Otsana Capital has acted as Lead Manager and Corporate Advisor to the Company and will be paid a fee of \$180,000 for corporate advisory and project management services provided, as well as a capital raising fee of 6% of the amount raised under the Public Offer. Separately, during the two years preceding lodgement of this Prospectus with ASIC, Otsana Capital has provided other professional services to the Company for which the Company has paid Otsana Capital \$5,000;
- (e) Automic Registry Services is the Company's

share registry, and will be paid for these services on standard industry terms and conditions. However, the Company is responsible for the management of all Applications and the reconciliation of funds received under the Public Offer;

- (f) Slattery's has prepared the Independent Valuation Report which has been included in Attachment A. The Company has paid or will pay Slattery a total of \$41,553 for the preparation of this report. Slattery has not received any other fees from the Company in the past 24 months preceding the lodgement of this Prospectus;
- (g) RSM Corporate Australia Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which has been included in Section 5. The Company has paid or will pay the Investigating Accountant \$12,000 for these services. Separately, during the two years preceding lodgement of this Prospectus with ASIC, RSM Corporate Australia Pty Ltd has provided other professional services to the Company for which the Company has paid or will pay RSM Corporate Australia Pty Ltd \$54,135;
- (h) Pitcher Partners BA&A Pty Ltd has acted as auditor to the Company and will be paid for these services; and
- (i) DLA Piper Australia has acted as the Australian legal advisors to the Offers. Fees will be charged in accordance with normal charge out rates and Company has paid or will pay DLA Piper Australia approximately \$125,000 for these services. DLA Piper Australia has not received any other fees from the Company in the past 24 months preceding the lodgement of this Prospectus.

The amounts disclosed above are exclusive of GST.

9.6 Related Party Transactions

Except as detailed elsewhere in this Prospectus, the Directors are not aware of any material transactions between the Company and related parties and/or Directors.

9.7 Expenses of Offers

The total expenses of the Offers payable by the Company are as follows (exclusive of GST):

Table 9.4: Expenses of the Offers

Item	Minimum Subscription Amount (\$)	Full Subscription Amount (\$)
ASIC and ASX Fees	64,000	74,000
Legal and Accounting Fees	160,000	160,000
Capital Raising Fees ¹	300,000	420,000
Corporate Advisory Fee ²	180,000	180,000
Valuation and expert reports Fees	75,000	75,000
Other costs (printing, administration, miscellaneous)	111,000	111,000
TOTAL	\$890,000	\$1,020,000

Notes:

1. Payable as commission in respect to the Public Offer. Refer to Sections 1.24 and 7.2.

2. Refer to Section 7.2.

9.8 Company Tax Status and Financial Year

The Directors expect the Company will be taxed in Australia as a public company.

The financial year of the Company ends on 30 June annually. The taxation year of the Company ends on 30 June annually.

Revenues and expenditures disclosed in this Prospectus are presented exclusive of the amount of GST, unless otherwise disclosed.

9.9 Taxation Implications

The acquisition and disposal of Shares will have taxation consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the taxation and any other consequences of acquiring and selling the Shares.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

9.10 Litigation and Claims

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

9.11 Consents

Each of the parties referred to in this Section 9.11:

- (a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with ASIC;
- (b) makes no express or implied representation or warranty in relation to the Company, the Prospectus or the Offer;
- (c) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this Section 9.11; and
- (d) has not authorised or caused the issue of this Prospectus or the making of the Offers.

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors of the Company, any underwriters, persons named in this Prospectus with their consent as having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading or deceptive statements

made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Accordingly, each of the parties referred to in this Section 9.11 makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name, a statement and/or a report (if any) included in this Prospectus with the consent of that party as specified in this Section 9.11.

Otsana Pty Ltd trading as Otsana Capital has given its written consent to be named as Corporate Advisor to the Company and Lead Manager to the Public Offer in this Prospectus.

Pitcher Partners BA&A Pty Ltd has given its written consent to be named as auditor to the Company in this Prospectus.

RSM Corporate Australia Pty Ltd has given its written consent to be named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 5, in the form and context in which the report is included.

Slattery's has given its written consent to be named in this Prospectus and to the inclusion of the Independent Valuation Report which has been included in Attachment A, in the form and context in which the report is included.

DLA Piper Australia has given its written consent to being named as Australian legal adviser to the Company in this Prospectus.

Each of the Directors have given their written consent to be named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

9.12 Continuous Disclosure

The Company is a "disclosing entity" for the purposes of Part 1.2A of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules which require it to disclose to the ASX any information which it becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the Securities. Exceptions apply for certain information which does not have to be disclosed.

Price sensitive information is publicly released through the ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

9.13 Electronic Prospectus

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic copy of this Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic Application Form, subject to compliance with certain provisions. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form(s) applicable to you. If you have not, please contact the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and returned (without interest) to the Applicant as soon as practicable.

9.14 Documents Available for Inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 9.11.



10. Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn his consent.

This Prospectus is signed for and on behalf of the Company by:



Mr Peter Hutchinson
Chairman

11 July 2019



11. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

Acquisitions

means the Assets Acquisition and Pentium Acquisition.

Ancillary Offers

means the Pentium Offer, Directors Past Services Offer and the Chairman's Option Offer.

Applicant

means a person who submits an Application Form.

Application

means a valid application for Securities under an Offer made pursuant to an Application Form.

Application Form

means an application form attached to, or accompanying, this Prospectus.

Application Monies

means application monies for Securities under the Public Offer received and banked by the Company.

Assets

has the meaning given in Section 2.2(b) of this Prospectus.

Assets Acquisition

means the acquisitions of the Assets pursuant to the Asset Sale Agreement.

Asset Sale Agreement

means the asset sale agreement entered into on 11 April 2019 between the Company, Pentium and Ausdrill.

ASIC

means the Australian Securities and Investments Commission.

ASX

means Australian Securities Exchange Limited ACN 008 624 691 or, where the context requires, the financial market operated by it.

ASX Settlement Operating Rules

means ASX Settlement Operating Rules of ASX Settlement Pty Ltd ABN 49 008 504 532.

Auditor

means Pitcher Partners BA&A Pty Ltd.

Ausdrill

Ausdrill Northwest Pty Ltd ACN 103 661 374.

Board

means the board of Directors from time to time.

Chairman's Option Offer

has the meaning given to that term in Section 1.2(b).

Change of Activities

has the meaning given to that term in Section 1.4.

CHESS

has the meaning given to that term in Section 1.16.

Closing Date

means the closing date of the Public Offer detailed in the Indicative Timetable.

Company

means Vysarn Limited ACN 124 212 175.

Constitution

means the constitution of the Company.

Corporations Act

means the Corporations Act 2001 (Cth).

Debt Facility

means the \$8,800,000 debt facility provided by Westpac to Pentium, guaranteed by Company, pursuant to the Financing Agreement.

Deeds of Indemnity

has the meaning given to that term in Section 7.8.

Directors

means the directors of the Company.

Directors Past Services Offer

means the offer of Shares to Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young in consideration for past services rendered to the Company.

Executive Directors

means Mr Sheldon Burt and Mr Chris Brophy.

Executive Performance Rights

means the Performance Rights to be issued to Mr Burt and Mr Brophy on the key terms set out in Section 8.3.

Exposure Period

means the exposure period under section 727(3) of the Corporations Act, being the seven days (which may be extended by ASIC to up to 14 days) after lodgement of this Prospectus with ASIC during which the Company must not process Applications.

Financing Agreement

means the financing agreement between the Pentium and Westpac, guaranteed by the Company, dated 11 July 2019.

Financial Information

has the meaning given to that term in Section 4.1.

General Meeting

means the general meeting of Shareholders held on 5 July 2019.

Group

means the Company and its Subsidiaries.

GST

means goods and services tax.

Hancock

means Hancock Prospecting Pty Ltd.

Hancock Contract

has the meaning given to that term in Section 2.3(c).

Historical Financial Information

has the meaning given to that term in Section 4.1.

Independent Valuation Report
means the independent valuation report on the Assets attached as Attachment A to this Prospectus.

Indicative Timetable
means the indicative timetable for the Offers on page 9.

Investigating Accountant
means RSM Corporate Australia Pty Ltd.

Lead Manager
means Otsana Capital.

Listing Rules
means the official listing rules of the ASX.

Minimum Subscription
has the meaning given to that term in Section 1.3.

Offer
means the Public Offer, the Pentium Offer, Directors Past Services Offer and the Chairman's Option Offer as the context requires and **Offers** means all of them.

Official List
means the official list of the ASX.

Official Quotation
means official quotation by the ASX in accordance with the Listing Rules.

Onyx Corporate
means Onyx Corporate Pty Ltd ACN 606 790 238.

Opening Date
means the date specified as the opening date in the Indicative Timetable.

Option
means an option to acquire a Share.

Otsana Capital
means Otsana Pty Ltd trading as Otsana Capital.

Pentium
means Pentium Hydro Pty Ltd ACN 631 012 809.

Pentium Acquisition
means the acquisition of Pentium pursuant to the Share Sale Agreement.

Pentium Offer
means the offer of the Pentium Securities as consideration for the Pentium Acquisition.

Pentium Securities
means the offer of 7,800,000 Shares to the Pentium Vendors as consideration under the Share Sale Agreement.

Pentium Vendors
means the shareholders of Pentium, being Insight Ecosys Pty Ltd and Connada Pty Ltd.

Performance Right
means a performance right convertible into a Share, issued on the terms and conditions detailed in Section 8.3.

Pro Forma Statement of Financial Position
has the meaning given to that term in Section 4.1.

Promoter
has the meaning given in the Listing Rules.

Prospectus
means this prospectus dated 11 July 2019.

Public Offer
has the meaning given to that term in Section 1.1.

Recommendations
has the meaning given to that term in Section 3.5.

Related Party
has the meaning given in section 228 of the Corporations Act.

Remaining Conditions
has the meaning given to that term in Section 7.1.

Restricted Securities
has the meaning given to that term in the Listing Rules.

Restriction Agreement
means a restriction agreement in a form set out in the Listing Rules.

Roy Hill
means Roy Hill Iron Ore Pty Ltd.

Roy Hill Contract
has the meaning given to that term in Section 2.3(c).

Section
means a section of this Prospectus.

Securities
means a Share, Option, Performance Right or other form of security issued or granted (as the case may be) by the Company.

Share
means a fully paid ordinary share in the capital of the Company.

Share Registry
means Automatic Registry Services.

Share Sale Agreement
means the share sale and purchase agreement, dated 11 April 2019 between the Company and the Pentium Vendors.

Shareholder
means a registered holder of a Share.

Slattery
means Slattery Valuations Australia Pty Ltd.

Subsidiary
has the meaning given in section 9 of the Corporations Act.

Westpac
means Westpac Banking Corporation Limited.

WST
means Western standard time, being the time in Perth, Western Australia.



Brisbane
57 Hayward St, Stafford QLD 4053
Sydney
60 Marple Ave, Villawood NSW 2163
Melbourne
6 Waterview Cl, Dandenong South VIC 3175
Newcastle
230 Old Maitland Rd, Hexham NSW 2322
Perth
33 Rothschild Pl, Midvale WA 6056
www.slatteryauctions.com.au

Valuation

Vysarn Limited

Of:

Earthmoving Equipment, Drill Rigs, Mobile Fleet And Plant And Equipment

As at: 1st July 2019

On the basis of:

Market Value (MV)

Orderly Liquidation Value (OLV)

Acting on instructions from:

Sheldon Burt
Pentium Hydro Pty Ltd

Valuation Number: SW19-037-V3



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Executive Summary

Instructing Party:	Mr Sheldon Burt Executive Director Pentium Hydro Pty Ltd 108 Outram Street West Perth WA 6005
Reliant Parties:	Vysarn Limited (ASX:VYS) ('Vysarn') Pentium Hydro Pty Ltd ('Pentium')
Assets Valued:	Drill Rigs, Trucks, Trailers, Earthmoving, Plant and Equipment
Locations:	Various locations throughout Western Australia
Purpose of Valuation:	Independent Experts Report
Bases of Valuation:	Market Value and Orderly Liquidation Value
Dates of Inspections:	14th June through 27th June 2019
Date of Valuation:	1st July 2019
Currency And GST:	All values are stated in Australian Dollars and are inclusive of any Goods and Services Taxes.

Subject to the matters set out in this letter and in the enclosed valuation report, we advise that at the date of conducting the valuation the total value of the assets as set out in the enclosed valuation are as follows:

	Market Value (MV)	Orderly Liquidation Value (OLV)
Drill Rigs and Associated Equipment	\$30,693,000	\$19,498,000
GRAND TOTAL	\$30,693,000	\$19,498,000

This valuation has been carried out in one or more of several different bases set out in this letter and report in accord with our instructions. To better understand the methodology of this valuation we have included definitions outlining the basis upon which our instructions may have been given. When utilising this report your attention is drawn to the notes, assumptions, conditions and definitions set out below.



Scope of Engagement

We have received written instructions from Mr. Sheldon Burt, Executive Director of Pentium Hydro Pty Ltd ('Pentium') and Mr. Peter Hutchinson, Chairman of Vysarn Limited ('Vysarn') to provide our independent opinion on the Market Value (MV) and Orderly Liquidation Value (OLV) of the hydrogeological drilling assets previously operated as 'Connector Drilling', for inclusion in an Independent Expert's Report.

The subject assets are located at several sites and storage yards around Western Australia including:

- Canning Vale
- Mount Vettors (Kalgoorlie)
- Mount Weld (Laverton)
- Gabanintha and Sponge Bob (Meekatharra)
- Mulga Downs (Newman)
- Cataby

In accordance with our proposal letter dated 3rd May 2019, the subject assets were physically inspected by a specialist plant and equipment valuer to compile the appropriate asset details such as location, description, make, model, specifications, odometer/hours and condition. Having collated the necessary asset information, we made enquiries of manufacturers, suppliers, our existing data base, client information, new and second-hand dealers to assist in determining the appropriate values.

Independence

Slattery Valuations Australia Pty Ltd is an independent asset advisory firm. We consider ourselves to be independent of Vysarn, Pentium, Ausdrill and Connector Drilling for the purpose of preparing this Valuation Report. None of the persons responsible for the preparation of this Valuation Report has any material pecuniary or other interest in any interested party.

Purpose of Valuation

The Valuation Report was prepared for inclusion as an Independent Expert's Report prepared on behalf of Vysarn and Pentium for inclusion in a prospectus for Capital Raising Purposes. **This valuation should not be used for any other purpose.**

Basis of Valuation

In accordance with our instructions we have assessed the Market Value and Orderly Liquidation Value of the subject assets. The market value of an asset is determined by reference to its highest and best use. That is, the use of the asset that is physically possible, legally permissible, financially feasible, and which results in the highest value.

The vast majority of subject assets are mobile fleet and as such the Valuer has determined the best basis of value to be Market Value. Other basis' were considered for this exercise such as Market Value - Installed, Market Value - Removed and Market Value in Existing Use but it was resolved that as the fleet is mobile, there is no requirement to allow for installed costs, removal costs and it is not possible to determine whether one or all of the fleet would have an effect on continued use on the total value.



Definitions

30. IVS-Defined Basis of Value – Market Value

[Source: International Valuation Standards 2017, IVS 104 Bases of Value, Paragraph 30.]

30.1. **Market Value** is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

30.2. The definition of Market Value must be applied in accordance with the following conceptual framework:

- (a) "The estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market Value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone
- (b) "An asset or liability should exchange" refers to the fact that the value of an asset or liability is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the Market Value definition at the valuation date.
- (c) "On the valuation date" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date.
- (d) "Between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market".
- (e) "And a willing seller" is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner.
- (f) "In an arm's length transaction" is one between parties who do not have a particular or special relationship, eg, parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated. The Market Value transaction is presumed to be between unrelated parties, each acting independently.
- (g) "After proper marketing" means that the asset has been exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance



with the Market Value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date.

- (h) "Where the parties had each acted knowledgeably, prudently" presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses, and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with the benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.*
- (i) "And without compulsion" establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.*

The Market Value under this scenario is subject to the further underlying assumptions that the assets are treated as follows;

- The plant and equipment has been valued as individual items;
- The value provided is the gross value and does not allow for any agent's commission or other sale fees; and
- All plant and equipment valued will be available for sale at the one time.

80. IVS-Defined Basis of Value – Liquidation Value

[Source: International Valuation Standards 2017, IVS 104 Bases of Value, Paragraph 80.]

80.1. Liquidation Value is the amount that would be realised when an asset or group of assets are sold on a piecemeal basis. Liquidation Value should take into account the costs of getting the assets into saleable condition as well as those of the disposal activity. Liquidation Value can be determined under two different premises of value:

- (a) an orderly transaction with a typical marketing period (see section 160), or*
- (b) a forced transaction with a shortened marketing period (see section 170).*

80.2. A valuer must disclose which premise of value is assumed.

160. Premise of Value – Orderly Liquidation

[Source: International Valuation Standards 2017, IVS 104 Bases of Value, Paragraph 160.]

160.1. An orderly liquidation describes the value of a group of assets that could be realised in a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis.



160.2. *The reasonable period of time to find a purchaser (or purchasers) may vary by asset type and market conditions.*

170. Premise of Value – Forced Sale

[Source: International Valuation Standards 2017, IVS 104 Bases of Value, Paragraph 170.]

170.1. *The term “forced sale” is often used in circumstances where a seller is under compulsion to sell and that, as a consequence, a proper marketing period is not possible and buyers may not be able to undertake adequate due diligence. The price that could be obtained in these circumstances will depend upon the nature of the pressure on the seller and the reasons why proper marketing cannot be undertaken. It may also reflect the consequences for the seller of failing to sell within the period available. Unless the nature of, and the reason for, the constraints on the seller are known, the price obtainable in a forced sale cannot be realistically estimated. The price that a seller will accept in a forced sale will reflect its particular circumstances, rather than those of the hypothetical willing seller in the Market Value definition. A “forced sale” is a description of the situation under which the exchange takes place, not a distinct basis of value.*

170.2. *If an indication of the price obtainable under forced sale circumstances is required, it will be necessary to clearly identify the reasons for the constraint on the seller, including the consequences of failing to sell in the specified period by setting out appropriate assumptions. If these circumstances do not exist at the valuation date, these must be clearly identified as special assumptions.*

170.3. *A forced sale typically reflects the most probable price that a specified property is likely to bring under all of the following conditions:*

- (a) consummation of a sale within a short time period,*
- (b) the asset is subjected to market conditions prevailing as of the date of valuation or assumed timescale within which the transaction is to be completed,*
- (c) both the buyer and the seller are acting prudently and knowledgeably,*
- (d) the seller is under compulsion to sell,*
- (e) the buyer is typically motivated,*
- (f) both parties are acting in what they consider their best interests,*
- (g) a normal marketing effort is not possible due to the brief exposure time, and*
- (h) payment will be made in cash.*

170.4. *Sales in an inactive or falling market are not automatically “forced sales” simply because a seller might hope for a better price if conditions improved. Unless the seller is compelled to sell by a deadline that prevents proper marketing, the seller will be a willing seller within the definition of Market Value (see paras 30.1-30.7).*

170.5. *While confirmed “forced sale” transactions would generally be excluded from consideration in a valuation where the basis of value is Market Value, it can be difficult to verify that an arm’s length transaction in a market was a forced sale.*



Assets Valued

The subject assets within this Valuation include a large fleet of conventional air, mud, and dual rotary drill rig suites. Along with these suites the company will acquire:

5x Foremost DR24 Dual Rotary Rigs, 3x Schramm T130D rigs with deep hole dual rotary capabilities and 2x Schramm 685 Conventional rigs. In addition to the rigs, the company will acquire ancillary equipment as part of the rig suites including casing rotators, rod loaders, multiple Sullair air compressors, rig carriers and Caterpillar backhoes and loaders.

Vysarn will also receive downhole equipment including drill rods, drill bits, and stabilisers, which have been included in this assessment within an agreed allowance.

Dates of Inspection

Our physical inspection of the subject assets was conducted between **14th June through 27th June 2019**.

Date of Valuation

The date of valuation is **1st July 2019**.

Due to possible changes in market forces and circumstances in relation to the subject assets, this report can only be regarded as representing our opinion of the value of the assets as at the date of valuation.



Overview of Operations & Assets

Overview

Vysarn has entered into a binding asset sale agreement with Ausdrill to acquire waterwell drilling assets and inventory currently used by Ausdrill to conduct its hydrogeological drilling business.

Vysarn will appoint a proven Board and management team with significant operational and technical skills in developing and operating drilling operations in Australia and internationally

Vysarn intends to conduct a capital raising on the ASX with a portfolio of high-quality drilling assets located in Australia

Ownership

Upon Completion of these transactions, the corporate structure of the company will be:

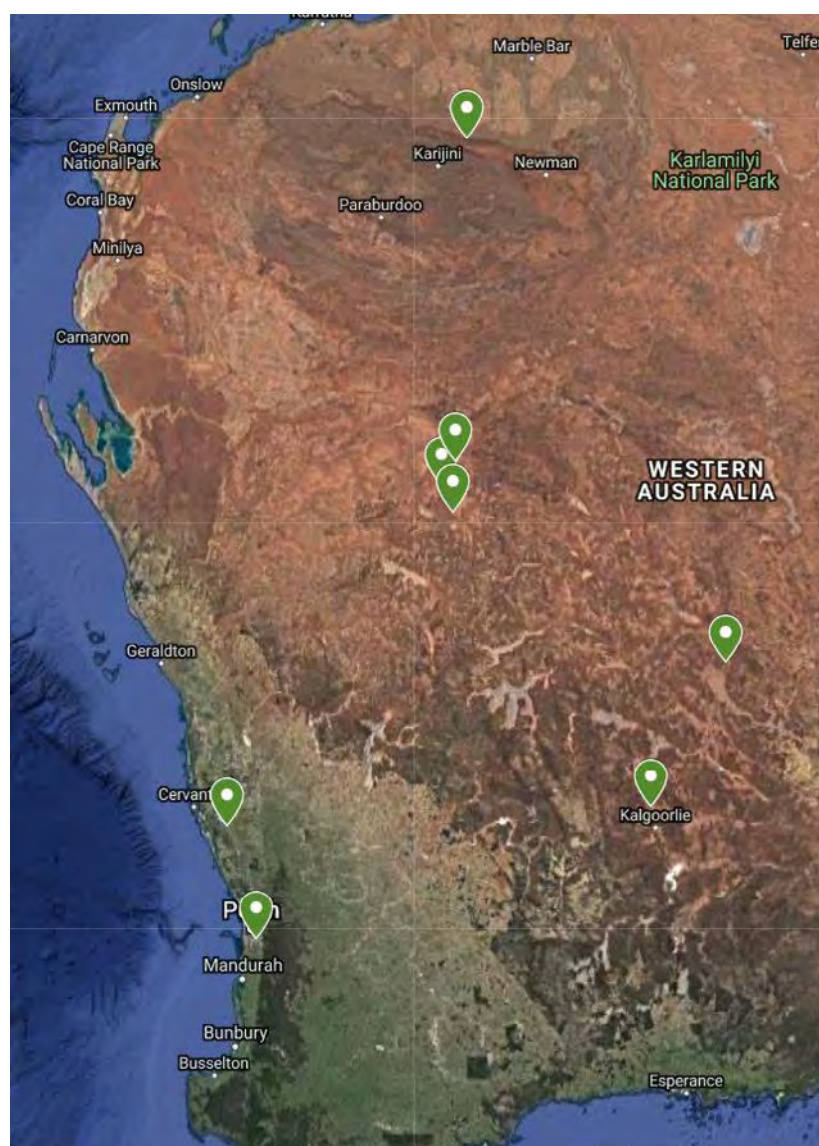




Location

The subject assets have been inspected over the following locations within Western Australia:

- Canning Vale
- Mount Vettors (Kalgoorlie)
- Mount Weld (Laverton)
- Gabanintha and Spongebob (Meekatharra)
- Mulga Downs (Newman)
- Cataby





History

The chronology of the development is summarised as follows;

- Connector Drilling operated in two areas of drilling, waterwell and non-waterwell surface drilling.
- In February of 2011, Ausdrill acquired the Western Australian hydrogeological drilling company Connector Drilling for approximately \$30 million along with an earn-out of 50% of EBITDA from completion to 30th June 2011.
- Ausdrill Limited (ASX: ASL) announced on 11th April 2019 that the diversified mining services company had entered into a binding agreement with Pentium and Vysarn to sell the Company's hydrogeological drilling assets which historically operated as "Connector Drilling" for cash consideration of \$16 million.

Drill Rigs

The major high value assets within this valuation comprise the drill rigs and associated pipe handling trailers. Whilst the vast majority of these rigs have been parked up for some time and some of the compressor certifications now out of date, it is my understanding that all of the rigs fired up with minimal effort and were able to produce compression.





Support Vehicles

The remainder of the fleet comprise support vehicles and equipment crucial to the operation of a drill rig. These assets comprise:

- TRUCKS – Prime Movers; Service; Crane; Water and Crew Trucks
- TRAILERS – Semi, Skel, Plant, Pig, Dog and Cyclone trailers
- EARTHMOVING – Wheel Loaders and Backhoes





Other Assets

Other support assets include:

- Air Compressors
- Mud Pumps
- Paddle Mixers
- Portable Welder/Generators





Valuation Methodology

Cost Approach

The cost approach is based on the proposition that an informed purchaser would pay no more for an asset than the cost of producing a substitute with the same utility as the subject asset. This concept is also known as the principle of substitution. The cost approach assumes the maximum value of an asset to a knowledgeable buyer is the amount currently required to purchase or construct a new asset of equal utility. When appraising for insurance purposes or for any of the in-use or installed value concepts, installation should typically be included. Installation costs may be considered as either direct or indirect in nature:

Direct Costs (Costs Directly Applicable to Individual Assets)

- Freight
- Rigging and moving
- Electrical
- Foundations
- Piping
- Millwrighting
- Labor for erection
- Sales tax, if applicable

Indirect Costs (costs typically spread throughout an entire construction project)

- Temporary insurance
- Engineering
- Licenses, permits, fees
- Overtime
- Security
- Typical finance charges during construction

Depreciated Replacement Cost - When the asset is not new, the current cost new must be adjusted for all forms of depreciation attributable to the asset as of the date of the valuation. The starting point or basis of the cost approach is reproduction cost new, replacement cost new, or a combination of both. In its simplest form, the cost approach can be represented as follows:

$$\text{Cost new} - \text{Depreciation} = \text{Value}$$

To calculate the appropriate amount of depreciation, assets are either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted, the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

	DESCRIPTION	% OF LIFE REMAINING
0	Brand new or rehabilitated to new	100%
1	Excellent overall condition early stages of deterioration	80%
2	Good overall condition, obvious deterioration, serviceability impaired very slightly	60%
3	Fair to poor overall condition, obvious deterioration, some serviceability loss	40%
4	Very poor overall condition, severe deterioration, very high maintenance costs.	20%
5	Failed asset, no longer serviceable. Should not remain in service	0%



Sales Comparison Approach

The sales comparison approach considers market data in determining the value of the subject assets.

The purpose is to determine the desirability of the subject assets through an analysis of recent sales or offerings of similar assets (comparables) to arrive at an indication of the most probable selling price for the assets being appraised.

If the comparables from the market are not exactly like the subject being appraised, adjustments are made to the price of the comparables to make them as similar to the subject as possible. The adjustments are based on the asset characteristics that the market indicates as relating to value.

If a comparable is superior to the subject regarding a specific characteristic, the comparable is adjusted downward. Conversely, if the comparable is inferior to the subject, an upward adjustment is applied. Keep in mind that the comparable is adjusted, not the subject.

Typical adjustments include age, condition, capacity, model, type of item (indirect approach), type of sale, time of sale, location of asset.

In its simplest form, the sales comparison approach can be represented as:

$$\text{Comparable sale} + \text{or} - \text{Adjustments} = \text{Value range}$$

Income Approach

The income approach considers value to be represented by the present worth of future benefits derived from ownership, typically measured by the capitalisation of a specific level of income.

This approach to value may be utilized for machinery and equipment. However, it is seldom used by a machinery and equipment appraiser since it is often difficult to determine precisely what portion of the income stream is specifically attributable to the subject machinery and equipment. With the proper tools, the machinery and equipment appraiser, in unique circumstances, may be able to properly utilize the income approach.

The basic premise of the income approach is that a purchaser expects to receive a certain rate of return on the income stream specifically attributable to the asset. It can also be stated as follows:

$$\text{Value} \times \text{Rate} = \text{Income}$$



Adopted Methodologies

In determining the market value of the subject assets, we have relied upon a combination of the **Cost approach** and the **Sales Comparison approach**. Assets for which there is an active and liquid market have been valued by the Sales Comparison Approach whereas assets for which there is not an active and liquid market we have adopted a DRC Cost Approach in which we have referenced the anticipated level of depreciation by reference to market transactions of similar assets, where possible.

Techniques of Comparison

a) Direct Match

This technique establishes value based on a direct match of the subject to an identical asset.

b) Comparable Match

This technique establishes value based on analysis of similar but not identical assets using some measure of utility (size, capacity, etc.) as a basis of comparison.

The *Income approach*, although considered, was not applied in this instance as it was not possible to determine precisely what portion of the income stream is specifically attributable to the subject assets.

As part of this instruction, I have been provided with, and sourced a significant volume of information in relation to the subject assets. Some has been directly derived from other sources, including but not limited to online cost guides, historical cost databases and opinions and estimations from other experts. Where the contents of this document has been derived, in whole or in part, from other sources, I have relied on Third Party Information and believe this information to be correct and accurate without the need for further investigations to its accuracy.

All investigations in producing this report have been generated and documented within the valuers working file. It is not usual practice for a valuation report to contain actual research from the working file as the report would become very bulky and indecipherable for most readers, however, an example of how the valuer arrived at the conclusion is documented in the below examples for each of the major asset classes.



Example of Asset Class “Drill Rigs” Methodology

SUBJECT ASSET: DR2014 2011 FOREMOST DR-24HD DRILL RIG MOUNTED ON HT2009 2010 MERCEDES BENZ ACTROSS 4144 8x4

Cost Approach (Market Value by Depreciated Replacement Cost)

- a) Using a straight-line depreciation, the Truck and drill rig are depreciated separately using the formula: *Replacement Cost x (Remaining Useful Life / Total Useful Life)*

2010 Mercedes-Benz Actros 4144

RC x (RUL / TUL)

$$285,000 \times 11/20 = \$156,750$$

2011 Foremost DR24HD

RC x (RUL / TUL)

$$1,500,000 \times 22/30 = \$1,100,000$$

The Market Value by straight-line DRC method is $\$156,750 + \$1,100,000 = \mathbf{\$1,256,750}$

- b) Using a reducing balance depreciation, the Truck and drill rig are depreciated separately:

2010 Mercedes-Benz Actros 4144

Year 1	\$ 285,000	10%	\$ 256,500
Year 2	\$ 256,500	8%	\$ 235,980
Year 3	\$ 235,980	5%	\$ 224,181
Year 4	\$ 224,181	5%	\$ 212,972
Year 5	\$ 212,972	5%	\$ 202,323
Year 6	\$ 202,323	5%	\$ 192,207
Year 7	\$ 192,207	5%	\$ 182,597
Year 8	\$ 182,597	5%	\$ 173,467
Year 9	\$ 173,467	5%	\$ 164,794

2011 Foremost DR24HD

Year 1	\$ 1,500,000	10%	\$ 1,350,000
Year 2	\$ 1,350,000	8%	\$ 1,242,000
Year 3	\$ 1,242,000	5%	\$ 1,179,900
Year 4	\$ 1,179,900	5%	\$ 1,120,905
Year 5	\$ 1,120,905	5%	\$ 1,064,860
Year 6	\$ 1,064,860	5%	\$ 1,011,617
Year 7	\$ 1,011,617	5%	\$ 961,036
Year 8	\$ 961,036	5%	\$ 912,984

The Market Value by reducing balance DRC method is $\$164,794 + \$912,984 = \mathbf{\$1,077,778}$

Sales Comparison Approach (Used Market Research)

- a) 2012 Foremost DR24, 900/350 Ingersoll Rand air compressor, mounted on Kenworth T800W with Tier 4 Cummins ISXZ (525 hp) engine - Asking Price: USD \$635,000 (AUD \$915,603)
- b) **1995** Foremost DR24 mounted on 2013 Kenworth truck with Cummins engine, PTO, 900/350 Sullair air compressor - Asking Price: USD \$620,000 (AUD \$893,974)

As none of these rigs were directly comparable, adjustments were made as follows:

- Rig a) was adjusted upwards for hours applying a factor of 1.2 to arrive at an adjusted value of \$1,098,724
- Rig b) was adjusted upwards for age and upward for hours applying a factor of 1.3 to arrive at an adjusted value of \$1,162,166



The range for the comparable drill rigs has therefore been determined as \$1,077,778 and \$1,256,750.

At the Valuers discretion, the value ascribed was rounded to **\$1,100,000 for the final Market Value.**

Sales Comparison Approach (Used Auction Research)

- c) 2012 Mercedes Benz 4144 Actros 11,990Kms with Evolution FH3000 Truck Mounted Drill Rig 238 engine hours – Sold at auction for \$624,360
- d) 2011 Mercedes Benz 4144 Actros 6,403Kms with Evolution FH3000 Truck Mounted Drill Rig unknown engine hours – Sold at auction for \$521,601
- e) 2011 Mercedes Benz 4144 Actros 4,855Kms with Evolution FH3000 Truck Mounted Drill Rig 10,231Hrs – Sold at auction for \$494,285

As none of these rigs were directly comparable, adjustments were made as follows:

- Rig c) was adjusted upward for mileage and hours applying a factor of 1.2 to arrive at an adjusted value of \$749,232
- Rig d) was adjusted upward for mileage and hours applying a factor of 1.2 to arrive at an adjusted value of \$625,921
- Rig e) was adjusted upward for mileage and hours applying a factor of 1.2 to arrive at an adjusted value of \$568,428

As the above Used Auction Research was for sale of assets in a forced liquidation scenario, a factor of 1.2 has been added to each of the above sales adjustments to recognise an orderly liquidation value. The range for the comparable drill rigs has therefore been determined as \$682,113 and \$899,078.

At the Valuers discretion, the value ascribed was rounded to **\$800,000 for the final Orderly Liquidation Value.**



Example of Asset Class “Trucks” Methodology

SUBJECT ASSET: HT2050 2012 MAN TGS 41.480 CRANE TRUCK 87,202KMS

Sales Comparison Approach (Used Market Research)

- a) 2007 MAN 41.480 TG-A Tray 114,998Kms – Asking \$150,000 (*Inferior*)
- b) 2013 MAN TGS 41.480 8x8 Off Road Crane Truck 154,150Kms – Asking \$242,000 (*Superior*)
- c) 2013 MAN TGS 41.480 Crane Truck 8x8 Tray Top 47,000Kms – Asking \$230,000 (*Superior*)

As none of these trucks were directly comparable, adjustments were made as follows:

- Truck a) was adjusted upwards for age and downward for mileage applying a factor of 1.35 to arrive at an adjusted value of \$202,500
- Truck b) was adjusted downward for age and downward for mileage applying a factor of 0.9 to arrive at an adjusted value of \$217,800
- Truck c) was adjusted downward for age and upward for mileage applying a factor of 0.94 to arrive at an adjusted value of \$216,200

The range for the comparable crane truck has therefore been determined as \$202,500 and \$217,800.

At the Valuers discretion, the value ascribed was rounded to **\$210,000 for the final Market Value.**

Sales Comparison Approach (Used Auction Research)

- d) 2012 Man TGA 41.480 8X8 Crane Truck 64,399Kms - Sold at auction for \$200,325 (*Similar*)
- e) 2012 Man TGS 41.480 8X8 Tilt Truck with Palfinger PK 14002-EH crane - Sold at auction for \$225,984 (*Superior*)

As neither of these trucks were directly comparable, adjustments were made as follows:

- Truck d) was the closest comparable but the sale was up to 1 year old and had less mileage, therefore the truck was adjusted downward applying a factor of 0.95 to arrive at an adjusted value of \$190,308
- Truck e) was adjusted downward for additional tilt tray spec applying a factor of 0.9 to arrive at an adjusted value of \$203,385

The range for the comparable crane truck has therefore been determined as \$190,308 and \$203,385.

At the Valuers discretion, the value ascribed was rounded to **\$190,000 for the final Orderly Liquidation Value.**



Example of Asset Class “Trailers” Methodology

SUBJECT ASSET: TH2049 2011 VAWDREY TRI-AXLE DROP DECK 40FT 45T SEMI TRAILER

Sales Comparison Approach (Used Market Research)

- a) 2012 Howard Porter Semi 44ft Drop Deck **Extendable** Drop Deck – Sold for \$77,000 (*Superior*)
- b) 2010 Brimarco Drop Deck Flat 45' 3-axle ramps – Sold for \$66,000 (*Inferior*)

As none of these trucks were directly comparable, adjustments were made as follows:

- Trailer a) was adjusted downwards for age and downward for additional extendable spec applying a factor of 0.85 to arrive at an adjusted value of \$65,450
- Trailer b) was adjusted upward for age applying a factor of 1.05 to arrive at an adjusted value of \$69,300

The range for the comparable semi trailers has therefore been determined as \$65,450 and \$69,300.

At the Valuers discretion, the value ascribed was rounded to **\$60,000 for the final Market Value.**

Sales Comparison Approach (Used Auction Research)

- c) 2010 Armac ST3 42/54 Triaxle **Extendable** Drop Deck Trailer - Sold at auction for \$57,824 (*Superior*)
- d) 2010 Howard Porter 13.6 M Tri/A Step Deck Trailer - Sold at auction for \$63,140 (*Inferior*)
- e) 2012 Howard Porter TRI 470 Drop Deck - Sold at auction for \$42,510 (*Superior*)

As none of these trailers were directly comparable, adjustments were made as follows:

- Trailer c) was adjusted upward for age and downward for additional extendable spec applying a factor of 0.85 to arrive at an adjusted value of \$49,150
- Trailer d) was the closest comparable, no factor was applied to the sale of \$63,140
- Trailer e) was adjusted downward for age applying a factor of 0.95 to arrive at an adjusted value of \$40,385

The range for the comparable semi trailers has therefore been determined as \$40,385 and \$63,140.

At the Valuers discretion, the value ascribed was rounded to **\$45,000 for the final Orderly Liquidation Value.**



Example of Asset Class “Earthmoving” Methodology

SUBJECT ASSET: BH2014 2011 CATERPILLAR 432E BACKHOE LOADER 3,028HRS

Sales Comparison Approach (Used Market Research)

- a) 2011 Caterpillar 432E Loader Backhoe 8,813Hrs – Sold for \$74,800 (Inferior)
- b) 2011 Caterpillar 432E Loader Backhoe 5,986Hrs – Sold for \$82,500 (Inferior)
- c) 2012 Caterpillar 432E Loader Backhoe 3,426Hrs – Sold for \$80,300 (Superior)

As none of these loaders were identically comparable, adjustments were made as follows:

- Backhoe a) was adjusted upwards for hours applying a factor of 1.15 to arrive at an adjusted value of \$86,020
- Backhoe b) was adjusted upwards for hours applying a factor of 1.05 to arrive at an adjusted value of \$86,625
- Backhoe c) was adjusted downward for age applying a factor of 0.94 to arrive at an adjusted value of \$75,482

The range for the comparable backhoe loader has therefore been determined as \$75,482 and \$86,625.

At the Valuers discretion, the value ascribed was rounded to **\$80,000 for the final Market Value.**

Sales Comparison Approach (Used Auction Research)

- d) 2011 CATERPILLAR 432E 4x4 Loader Backhoe 2,127Hrs - Sold at auction for \$82,307
- e) 2011 CATERPILLAR 432E 4x4 Loader Backhoe 3,612Hrs - Sold at auction for \$67,650
- f) 2011 CATERPILLAR 432E Premier 4x4 Loader Backhoe 9,657Hrs - Sold at auction for \$51,865

As none of these trucks were identically comparable, adjustments were made as follows:

- Backhoe d) was adjusted downward for hours applying a factor of 0.95 to arrive at an adjusted value of \$78,191
- Backhoe e) was the closest comparable, no factor was applied to the sale of \$67,650
- Backhoe f) was adjusted upward for hours applying a factor of 1.31 to arrive at an adjusted value of \$67,191

The range for the comparable backhoe loader has therefore been determined as \$67,650 and \$78,192.

At the Valuers discretion, the value ascribed was rounded to **\$60,000 for the final Orderly Liquidation Value.**



Critical Assumptions

Assumptions are a necessary part of this valuation. The Valuer has adopted assumptions because some items are not capable of accurate calculation or fall outside of the scope of the Valuers expertise, or instructions. The risk that any of the assumptions adopted in this document may be incorrect should be considered. The Valuer does not warrant nor represent that the assumptions on which this valuation is based are accurate or correct.

Valuation Approach

This exercise entailed physically inspecting over 80% of the assets and verifying the existence of the asset list provided. We satisfied ourselves that the list of assets available for purchase was accurate. In total, the following asset classes have been valued:

Asset Class	Count
Air Booster	1
Compressors	25
Cyclone Trailer	12
Dolly's	8
Drill Rigs	13
Earthmoving	9
Gensets	2
Light Vehicles	6
Mud Pumps	17
Mud Screening	2
Pipe Trailers	12
Trailers	44
Trucks	21
Allowance for Spares	1
Grand Total	173



Certificate of Valuation

Vysarn Limited

In regards to email instructions received on 5 June 2019, we have carried out a valuation for the above client and accordingly have prepared an itemised valuation and report for the purpose of assessing the present day value of such items.

Subject to the matters set out in the letter and in the enclosed valuation and report, we advise that at the date of conducting the valuation the total value of the assets are:

Market Value

In our opinion, the Market Value of the plant and equipment within Appendix A of this Independent Expert's Report as at 1st July 2019 is:

AUD \$30,693,000.

Thirty Million Six Hundred And Ninety Three Thousand Dollars

Orderly Liquidation Value

In our opinion, the Orderly Liquidation Value of the plant and equipment within Appendix A of this Independent Expert's Report as at 1st July 2019 is:

AUD \$19,498,000.

Nineteen Million Four Hundred And Ninety Eight Thousand Dollars

All values are stated in Australian dollars and are inclusive of any goods and services taxes.



Disclaimer

Please note the following in respect of our work:

1. The Report has been prepared on the basis of Market Value (MV) and Orderly Liquidation Value (OLV) as defined under the section “Definitions” within this report.
2. The values shown for Market Value (MV) and Orderly Liquidation Value (OLV) in the above “Certificate” relate only to the total Value of assets and not to the individual values of the items listed.
3. All values ascribed in the report are **GST INCLUSIVE**.
4. All facts and data set forth in this report are at the time of publication of this report considered true and correct to the best of the valuer's knowledge and belief. Changes in circumstances after the time of publication may impact on the accuracy of this report and the valuer gives no assurance as to the accuracy of this report post publication.
5. All information furnished by company personnel and others, upon which all or portions of this report is based, are believed to be reliable sources. No warranties are given as to the accuracy of such information nor does the valuer, Slattery Valuations Australia Pty Ltd, report to be a technical expert on any assets as our expertise is confined to valuation practice.
6. The valuer reserves the right to recall all copies of this report to correct any omission or error.
7. Our Professional Indemnity Insurance policy excludes us from cover in respect of assets that we have not personally inspected. Physical inspection of the assets listed in this report have been made unless otherwise noted, accordingly a value ascribed to assets in this report on a “sight unseen/not verified” basis have been valued in line with assets of a similar nature or class as comparables.
8. Any physical condition of the subject property described herein is based upon visual observation by the valuer. No responsibility is assumed for latent defects of any nature whatsoever which may affect its value nor for any expertise required to disclose such conditions.
9. The fee for this valuation report is not contingent upon the values reported. There have not been any guarantees with this fee and no liability can be intimated or assumed in any matter.
10. The assets have been valued on the assumption that they are wholly owned and free of all encumbrances.
11. No deduction has been made in our valuation in respect of any outstanding amounts owing under any finance lease or hire purchase agreement.
12. No additional values have been attributed regarding intangibles such as patents, rights to manufacture, trademarks, goodwill, customer lists, etc. The values ascribed as part of this report are for the assets listed only and are subject to the definitions in the report itself.
13. The valuation is based on the assumption that the assets are, or are capable of being, utilised as assets of a profitable undertaking at the date of the valuation. Asset values may be subject to significant fluctuations due to external market forces and no allowance has been or could be allowed for future market or economic changes. The values expressed in this report are current for 3 months from the date of this report however, if during that period there is a significant change in the national or world economy that impacts on the market for assets of the type valued, or a change in the physical condition of the asset, values may need to be reviewed.
14. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report without adequate compensation, time and procedural requirements that allow due diligence to reflect events or conditions which occur subsequent to the Effective Date.



15. In arriving at our valuation, no deduction has been made in respect of any statutory grants available or received.
16. This valuation and report have been prepared solely for the purpose of information and analysis by you in accordance with the purpose outlined in your instructions and for your use as the intended user only. The original signed and certified copy of this report should be considered as the only reliable source of information. Soft or electronically transmitted copies may be subject to manipulation outside the control of Slattery Valuations Australia Pty Ltd.
17. This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements and factors specific to the particular property). We do not accept responsibility or liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume responsibility or accept liability where the valuation is relied upon after the expiration of 3 months from the date of the valuation or such earlier date if you become aware of any factors that have an effect on the valuation.
18. The equipment listed in this report has not been mechanically or electrically tested and/or assessed. Values placed are on the basis that all items are fully operational and comply with all government rules and regulations.
19. Subject to qualifications contained in legislation (if any), the accompanying valuation and report has been produced based on our experience of realisations of similar assets. However, no warranty is given that any item or all of the items will realise the values suggested at any particular sale.



Certificate of Valuer

I certify that, to the best of my knowledge and belief:

- The statements contained in this Valuation are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the assets that are the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- I have made all the inquiries that I believe are desirable and appropriate and no matters of significance that I regard as relevant have, to my knowledge been withheld.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this Valuation.

For and on behalf of
Slattery Valuations Australia Pty Ltd

A handwritten signature in black ink, appearing to read "Stuart D Forbes", written over a faint circular stamp.

Stuart D Forbes
Senior Valuer



APPENDIX A

Schedule of Values



ITEM #	LOCATION	CLASS	ASSET #	REG #	ASSET	MANUFACTURER	MODEL	YEAR	VIN / SERIAL #	DESCRIPTION	ODOMETER	HOURS	MARKET VALUE (\$)	ORDERLY LIQUIDATION VALUE (\$)
LOCATION: CANNING VALE														
CV01	Canning Vale	Drill Rigs	DR2003	-	Drill Rig No.3	Hydco	RC70	2007	-	Truck Mounted Drill Rig	-	1,386	\$ 420,000	\$ 300,000
CV02	Canning Vale		HT1003	1CSZ124	Drill Rig No.3 Carrier	Mercedes-Benz	Actros 4144	2007	WDB9323362L272270	8x6 Cab Chassis	-	-	-	-
CV03	Canning Vale	Drill Rigs	DR2005	-	Drill Rig No.5	Ingersoll Rand	CD500 (T3W)	1984	-	Truck Mounted Drill Rig	-	4,360	\$ 120,000	\$ 80,000
CV04	Canning Vale		HT1005	CH 5176	Drill Rig No.5 Carrier	MAN	32.280 FCTSA	1984	3850106	8x6 Cab Chassis	305,817	-	-	-
CV05	Canning Vale	Drill Rigs	DR2006	-	Drill Rig No.6	Ingersoll Rand	TH75E	1997	-	Truck Mounted Drill Rig	-	2,747	\$ 120,000	\$ 80,000
CV06	Canning Vale		HT1006	CH 5445	Drill Rig No.6 Carrier	Navistar	5000 Paystar	1997	1HTTGAET1WJ034889	8x4 Cab Chassis Engine No. 3283980233111	76,398	-	-	-
CV07	Canning Vale	Drill Rigs	DR2007	-	Drill Rig No.7	Schramm	T685W	2009	-	Truck Mounted Drill Rig	-	8,949	\$ 950,000	\$ 600,000
CV08	Canning Vale		HT1007	1CVU191	Drill Rig No.7 Carrier	MAN	TGA 41.480	2007	WMAH76Z5Z7L047216	8x4 Cab Chassis Engine No. 54614901021477	38,970	-	-	-
CV09	Canning Vale	Drill Rigs	DR2012	-	Drill Rig No.12	Foremost	DR-24HD	2011	102602	Truck Mounted Drill Rig Engine No. 37245976-QSK19	-	7,256	\$ 1,100,000	\$ 800,000
CV10	Canning Vale		HT2038	Not Registered	Drill Rig No.12 Carrier	Mercedes-Benz	Actros 4144	2010	WDB9323362L373020	8x6 Cab Chassis	1,378	-	-	-
CV11	Canning Vale	Drill Rigs	DR2018	-	Drill Rig No.12	Foremost	DR-24HD	2012	-	-	-	1,459	\$ 1,100,000	\$ 800,000
CV12	Canning Vale		HT2048	Not Registered	Drill Rig No.12 Carrier	Mercedes-Benz	Actros 4144	2012	WDB9323362L644947	8x6 Cab Chassis	534	-	-	-
CV13	Canning Vale	Drill Rigs	DR2017	-	Drill Rig No.17 "Peaps Smurf"	Schramm	T130XD Rota Drill	2011	J130-0224	Truck Mounted Drill Rig Engine No. 5382010471	-	3,965	\$ 1,800,000	\$ 1,200,000
CV14	Canning Vale		HT1017	Not Registered	Drill Rig No.17 Carrier	Crane Carrier Company	CCC	2011	1CVDG06809T049247	10x6 Cab Chassis Engine No. LEE23146	581	-	-	-
CV15	Canning Vale	Drill Rigs	DR2020	-	Drill Rig No.20 "Gusty Smurf"	Schramm	T130XD Rota Drill	2011	J130-0332	Truck Mounted Drill Rig Engine No. 5352010656	-	51	\$ 1,700,000	\$ 1,300,000
CV16	Canning Vale		HT1020	Not Registered	Drill Rig No.20 Carrier	Crane Carrier Company	CCC	2011	1CVDGM682CT050238	10x6 Cab Chassis Engine No. 35286589	258	-	-	-
CV17	Canning Vale	Trucks	HT2034	1DNA708	Water Truck	Mercedes-Benz	Actros 4144	2011	WDB9323362L563738	8x6 Cab Chassis First Top Toolboxes, 2 X Circa 10.000L Water Tanks, ROPS	30,717	-	\$ 230,000	\$ 190,000
CV18	Canning Vale	Trucks	HT2037	CH 10271	Prime Mover	Mercedes-Benz	Actros 3354	2006	WDB9341822L100908	8x4 Cab Chassis ROPS	204,830	-	\$ 60,000	\$ 45,000
CV19	Canning Vale	Pipe Trailers	DA2003	CH 6586	Pipe Loader Trailer (Rig 17)	Kimble Custom Chassis	Pipe Handler	2011	1K9AH548632681148	Dual Axle Schramm Loadable Drill Rod Handler, Hydraulic Legs, Hydraulic Drill Rod Upr, Hydraulic Fold Out Drill Rod Tables	-	-	\$ 290,000	\$ 230,000
CV20	Canning Vale	Pipe Trailers	DA2006	CH 6602	Pipe Loader Trailer (Rig 16)	Drill Rigs Australia	DRA - PTA 180	2012	619T23WA1C0AAK046	Hydraulic Legs, Hydraulic Drill Rod Upr, Hydraulic Fold Out Drill Rod Tables, Hydraulic Extendable Draw Bar, Bartlett 127 Tow Hitch	-	-	\$ 315,000	\$ 250,000
CV21	Canning Vale	Pipe Trailers	DA2010	CH 6735	Pipe Loader Trailer	Drill Rigs Australia	DRA - PTA 180	2012	619T23WA1C0AAK096	Hydraulic Legs, Hydraulic Drill Rod Upr, Hydraulic Fold Out Drill Rod Tables, Hydraulic Extendable Draw Bar, Bartlett 127 Tow Hitch	-	-	\$ 315,000	\$ 250,000



ITEM #	LOCATION	CLASS	ASSET #	REG #	ASSET	MANUFACTURER	MODEL	YEAR	VIN / SERIAL #	DESCRIPTION	ODOMETER	HOURS	MARKET VALUE (\$)	ORDERLY LIQUIDATION VALUE (\$)
CV22	Canning Vale	Pipe Trailers	DA2011	CH 6759	Pipe Loader Trailer (Rig 7)	Drill Rigs Australia	DRA - PTA 180	2013	619T23WA1D0AAK005	Hydraulic Legs, Hydraulic Drill Rod Lifter, Hydraulic Fold Out Drill Rod Tables, Hydraulic Extendable Draw Bar, Bartlett 127 Tow Hitch	-	-	\$ 320,000	\$ 250,000
CV23	Canning Vale	Pipe Trailers	DA2012	1TPV668	Pipe Loader Trailer (Rig 21)	Drill Rigs Australia	DRA - PTA 180	2014	619T23WA1E0AAK046	Hydraulic Legs, Hydraulic Drill Rod Lifter, Hydraulic Fold Out Drill Rod Tables, Hydraulic Extendable Draw Bar, Bartlett 127 Tow Hitch	-	-	\$ 320,000	\$ 250,000
CV24	Canning Vale	Cyclone Trailer	CV2005	CH 6637	Cyclone Trailer	Connector Drilling	Box Top T20	2012	619T20WA1C0AAK062	4 x Stabiliser Legs, Angled Cyclone, Concrete Block	-	-	\$ 14,000	\$ 8,000
CV25	Canning Vale	Cyclone Trailer	CV2006	CH 6619	Cyclone Trailer	Connector Drilling	Box Top T20	2012	619T20WA1C0AAK063	4 x Stabiliser Legs, Angled Cyclone, Concrete Block	-	-	\$ 14,000	\$ 8,000
CV26	Canning Vale	Cyclone Trailer	CV2011	CH 6630	Cyclone Trailer	Connector Drilling	Box Top T20	2012	619T20WA1C0AAK496	4 x Stabiliser Legs, Angled Cyclone, Concrete Block	-	-	\$ 14,000	\$ 8,000
CV27	Canning Vale	Dolly's	TH2028	1TAG048	Converter Dolly	Custom Made	-	1987	Not Identified	Dual Axle	-	-	\$ 8,000	\$ 5,000
CV28	Canning Vale	Dolly's	TH2039	1THK417	Converter Dolly	Highway Master	JCS	2006	619T23WA160200008	Dual Axle ATM: 18T	-	-	\$ 14,000	\$ 9,000
CV29	Canning Vale	Dolly's	TH2060	9RE 737	Converter Dolly	Custom Made	-	1984	C28849	Dual Axle	-	-	\$ 8,000	\$ 5,000
CV30	Canning Vale	Trailers	TH2004	1TCW657	Dog Trailer	Custom Made	-	1984	WA1ST2844027	Dual Axle With Ramps	-	-	\$ 20,000	\$ 16,000
CV31	Canning Vale	Trailers	TH2006	8U0 647	Dog Trailer	Custom Made	-	1985	No VIN Number Identified (Serial Number: BHP3J0UB)	Dual Axle ATM: 25T	-	-	\$ 22,000	\$ 18,000
CV32	Canning Vale	Trailers	TH2010	CH 6305	Pig Trailer	Connector Drilling	CONN - PTA 180	2007	619T23WA170AAK160	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000
CV33	Canning Vale	Trailers	TH2009	1TGT545	Dog Trailer	Howard Porter	-	1982	827938	Dual Axle ATM: 17T	-	-	\$ 20,000	\$ 14,000
CV34	Canning Vale	Trailers	TH2011	CH 3699	Dog Trailer	Custom Made	-	1992	6B9WTE000NAB8401	Tri-axle ATM: 25T	-	-	\$ 22,000	\$ 18,000
CV35	Canning Vale	Trailers	TH2014	CH 6127	Plant Trailer	Custom Made	-	2006	619T27WA160AAK437	Dual Axle ATM: 21	-	-	\$ 4,000	\$ 2,000
CV36	Canning Vale	Trailers	TH2025	CH 3711	Dog Trailer	White Transport Equipment	White D2	1992	6B9WTE000NAB8403	Tri-axle ATM: 25T	-	-	\$ 22,000	\$ 18,000
CV37	Canning Vale	Trailers	TH2030	CH 6232	Pig Trailer	Connector Drilling	CONN - PTA 180	2007	619T23WP170AAK076	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 14,000
CV38	Canning Vale	Trailers	TH2031	1TAP340	Pig Trailer	Custom Made	-	1975	Not Identified	Dual Axle ATM: 18T	-	-	\$ 18,000	\$ 12,000
CV39	Canning Vale	Trailers	TH2032	7WZ 341	Pig Trailer	Custom Made	-	1988	No VIN Number Identified (Serial Number: 7758)	Dual Axle ATM: 18T	-	-	\$ 18,000	\$ 12,000
CV40	Canning Vale	Trailers	TH2034	CH 6479	Semi Trailer	Air Pack	-	1984	AT AEG00027QT6	Tri-axle Semi, 40 Ft ATM: 45T	-	-	\$ 20,000	\$ 14,000
CV41	Canning Vale	Trailers	TH2062	1TTFW908	Slee Trailer	WA Box Semi Trailer Equipment	Tri-axle Semi	2005	619T25WA150AAK030	Tri-axle Semi, 40 Ft ATM: 45T	-	-	\$ 25,000	\$ 18,000
CV42	Canning Vale	Trailers	TH2086	CH 6738	Pig Trailer	Connector Drilling	CONN - PTA 180	2013	619T23WA1D0AAK014	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000
CV43	Canning Vale	Trailers	TH2094	CH 6723	Pig Trailer	Connector Drilling	CONN - PTA 180	2007	619T23WA1C0AAK100	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000



ITEM #	LOCATION	CLASS	ASSET #	REG #	ASSET	MANUFACTURER	MODEL	YEAR	VIN / SERIAL #	DESCRIPTION	ODOMETER	HOURS	MARKET VALUE (\$)	ORDERLY LIQUIDATION VALUE (\$)
CV44	Canning Vale	Earthmoving	BH2002	-	Wheel Loader	Caterpillar	IT14F	1994	4EL00139	-	-	9,904	\$ 30,000	\$ 20,000
CV45	Canning Vale	Air Booster	BO2005	-	Air Booster	Atlas Copco	Hurricane B13-6171700	2010	USL04101242	Powered By Caterpillar C13 Diesel Engine, Skid Mounted	-	-	\$ 120,000	\$ 90,000
CV46	Canning Vale	Compressors	AC2011	-	Air Compressor	Sullair	1150XH CAT	2006	20060320096	Package Air Compressor With Fire Suppression System	-	2,979	\$ 90,000	\$ 65,000
CV47	Canning Vale	Compressors	AC2016	-	Air Compressor	Sullair	1150XHDTQ	2006	004-151294	Package Air Compressor With Fire Suppression System	-	4,616	\$ 90,000	\$ 60,000
CV48	Canning Vale	Compressors	AC2017	-	Air Compressor	Sullair	1150XHDLQ	2006	004-152301	Package Air Compressor With Fire Suppression System	-	4,832	\$ 90,000	\$ 60,000
CV49	Canning Vale	Mud Pumps	MU2003	-	Mud Pump	Gardner Denver	Duplex 4" x 6"	2006	-	Diesel Driven Engine With Belt Drive To Mud Pump, All Skid Mounted	-	1,820	\$ 12,000	\$ 8,000
CV50	Canning Vale	Mud Pumps	MU2006	-	Mud Pump	Ideal Duplex	5" x 10" - Hydraulic Driven	-	-	Diesel Driven Engine With Belt Drive To Mud Pump, All Skid Mounted	-	1,325	\$ 10,000	\$ 6,000
CV51	Canning Vale	Mud Pumps	MU2007	-	Mud Pump	Gardner Denver	FXZ 7 1/2" x 5 1/2"	2007	0014688	Diesel Driven Engine With Belt Drive To Mud Pump, All Skid Mounted	-	1,325	\$ 12,000	\$ 8,000
CV52	Canning Vale	Mud Pumps	MU2009	-	Mud Pump	Gardner Denver	FXD 172 Duplex	2008	0014854	Diesel Driven Engine With Belt Drive To Mud Pump, All Skid Mounted	-	3,936	\$ 80,000	\$ 55,000
CV53	Canning Vale	Mud Pumps	MU2011	-	Mud Pump	Gardner Denver	FXZ 172 Duplex	2009	-	Diesel Driven Engine With Belt Drive To Mud Pump, All Skid Mounted	-	1,999	\$ 80,000	\$ 55,000
CV54	Canning Vale	Mud Pumps	MU2014	-	Mud Pump	Gardner Denver	FXD 172 Duplex	-	-	Diesel Driven Engine With Belt Drive To Mud Pump, With Self Jacking Legs	-	1,565	\$ 80,000	\$ 55,000
CV55	Canning Vale	Mud Pumps	MU2019	-	Mud Pump	Gardner Denver	FXD 172 Duplex	2011	0019506	Diesel Driven Engine With Belt Drive To Mud Pump, All Skid Mounted	-	1,532	\$ 80,000	\$ 55,000
CV56	Canning Vale	Mud Pumps	MU2020	-	Mud Pump	Gardner Denver	FXD 172 Duplex	2011	0009505	Diesel Driven Engine With Belt Drive To Mud Pump, All Skid Mounted	-	9	\$ 80,000	\$ 55,000
CV57	Canning Vale	Mud Pumps	-	-	Mud Pump	Gardner Denver	FD29	-	-	Diesel Driven Engine With Belt Drive To Mud Pump, All Skid Mounted	-	1,046	\$ 80,000	\$ 55,000

ITEM #	LOCATION	CLASS	ASSET #	REG #	ASSET	MANUFACTURER	MODEL	YEAR	VIN / SERIAL #	DESCRIPTION	ODOMETER	HOURS	MARKET VALUE (\$)	ORDERLY LIQUIDATION VALUE (\$)
LOCATION: MT VETTERS (KALGOORLIE)														
MV01	MT Vettors	Drill Rigs	DR2010	-	Drill Rig No.10 "Clifford"	Schramm	TT130XD Rota Drill	2009	J130 - 0199	Truck Mounted Drill Rig Engine No: 5320206306	-	6,665	\$ 1,200,000	\$ 900,000
MV02	MT Vettors		HT1010	Not Registered	Drill Rig No.10 Carrier	Crane Carrier Company	CCC	2009	1CVDG6829T049072	106 Cab Chassis Engine No: KC83766	3,850	-	-	-
MV03	MT Vettors	Pipe Trailers	DA2001	CH 6516	Pipe Loader Trailer (Rig 10)	Kimble Custom Chassis	Pipe Handler	2009	1K9AH154B083268053	Dual Axle Schramm Loadsafe Drill Rod Handler, Hydraulic Legs Hydraulic Drill Rod Lifter, Hydraulic Fold Out Drill Rod Tables	-	-	\$ 290,000	\$ 230,000
MV04	MT Vettors	Pipe Trailers	DA2009	1TNP984	Pipe Loader Trailer (Rig 10)	Drill Rigs Australia	DRA - PTA 180	2012	6T9T23WA1COAAK086	Hydraulic Legs Hydraulic Drill Rod Lifter, Hydraulic Fold Out Drill Rod Tables, Hydraulic Extendable Draw Bar, Bartlett 127 Tow Hitch	-	-	\$ 290,000	\$ 230,000
MV05	MT Vettors	Cyclone Trailer	CY2012	CH 6736	Cyclone Trailer	Connector Drilling	Box Top T20	2013	6T9T20WA1DOAAK456	4 x Stabiliser Legs, Angled Cyclone, Concrete Block	-	-	\$ 16,000	\$ 9,000
MV06	MT Vettors	Dolly's	TH2015	1TTN843	Converter Dolly	EM Engineering	-	1984	6T9T23WA160AEG036	Dual Axle	-	-	\$ 8,000	\$ 5,000
MV07	MT Vettors	Trailers	TH2024 (F16)	1TTJ966	Semi Trailer	Haltmark	-	1986	9633	Tri-axle Semi, 40 Ft ATM: 45T	-	-	\$ 20,000	\$ 14,000
MV08	MT Vettors	Trailers	TH2027 (DD-5)	8WZ855	Semi Trailer	-	-	1984	16780	Tri-axle Semi Drop Deck, 40 Ft ATM: 45T	-	-	\$ 35,000	\$ 25,000
MV09	MT Vettors	Trailers	TH2066	CH 6534	Skid Trailer	Krueger	ST-3-35	1996	6FH7105GATM06157	Tri-axle Semi, 40 Ft ATM: 35T	194,075	-	\$ 20,000	\$ 14,000
MV10	MT Vettors	Trailers	TH2074	CH 6629	Skid Trailer	Australian Truck & Plant (Torque)	ATAP Tri 435A LV	2009	LA0637J3190002188	Tri-axle Semi, 40 Ft ATM: 35T	-	-	\$ 25,000	\$ 18,000
MV11	MT Vettors	Earthmoving	BH2012	1DPG718	Backhoe Loader	Caterpillar	432 ETC	2010	CAT0432ECJBA01014	Engine No: C4202565	-	3,126	\$ 80,000	\$ 60,000
MV12	MT Vettors	Compressors	AC2012	-	Air Compressor	Sullair	900XH500-1150XH-350	2007	20712120081	Package Air Compressor With Fire Suppression System	-	2,181	\$ 90,000	\$ 60,000
MV13	MT Vettors	Compressors	AC2014	-	Air Compressor	Sullair	900XH500-1150XH-350	2006	200608160038	Package Air Compressor With Fire Suppression System	-	3,235	\$ 90,000	\$ 60,000
MV14	MT Vettors	Compressors	AC2034	-	Air Compressor	Sullair	900/1150XHDLO-CA3	2012	4W0AS205CM128073 2012012 80073	Package Air Compressor With Fire Suppression System	-	542	\$ 120,000	\$ 80,000
MV15	MT Vettors	Compressors	AC2035	-	Air Compressor	Sullair	900/1150XHDLO-CA3	2011	4W0AS2051BM721048 2011 072 10043	Package Air Compressor With Fire Suppression System	-	546	\$ 120,000	\$ 80,000
MV16	MT Vettors	Compressors	AC2024	-	Air Compressor	Sullair	900XHH 1150XH	2006	200609200027	Package Air Compressor With Fire Suppression System	-	5,050	\$ 90,000	\$ 60,000
MV17	MT Vettors	Compressors	AC2026	-	Air Compressor	Sullair	900XHH 1150XH	2007	200705140043	Package Air Compressor With Fire Suppression System	-	2,631	\$ 90,000	\$ 60,000
MV18	MT Vettors	Mud Pumps	MU2021	-	Mud Pump	Gardner Denver	SE MP GD PZ-7 PZG	2012	Q020618	Diesel Driven Engine With Belt Drive To Mud Pump, All Skid Mounted	-	420	\$ 80,000	\$ 55,000
MV19	MT Vettors	Mud Pumps	MU2004	-	Mud Pump	Gardner Denver	Duplex 5" X 6"	-	-	Diesel Driven Engine With Belt Drive To Mud Pump, All Skid Mounted	-	-	\$ 12,000	\$ 8,000



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LOCATION: MT WELD (LAVERTON)														
MW01	MT Weld	Drill Rigs	DR2016	-	Drill Rig No.16	Foremost	DR-24HD	2011	112626	Truck Mounted Drill Rig Engine No: 3724930J4-QSK19	-	7,563	\$ 1,100,000	\$ 800,000
MW02	MT Weld	Drill Rigs	HT2041	CH 10314	Drill Rig No.18 Carrier	Mercedes-Benz	Actros 4144	2011	WD983233621562503	8x6 Cab Chassis Engine No: 54199300764881	4,437	287		
MW03	MT Weld	Trucks	HT2031	CH 10294	Service Truck	Mercedes-Benz	Actros 4144	2011	WD983233621554487	8x6 Cab Chassis Flat Top 3000L Diesel And 7000L Water Storage Tanks, Handrails, ROPS	38,092	1,824	\$ 230,000	\$ 190,000
MW04	MT Weld	Trucks	HT2035	CH 10302	Crane Truck	Mercedes-Benz	Actros 4144	2011	WD983233621564194	8x6 Cab Chassis Flat Top Force Rear Mounted HI-AB Crane (Model: ZX100F35 Year: 2011 Comment: Out Of Service Tag), ROPS	72,497	1,904	\$ 220,000	\$ 170,000
MW05	MT Weld	Trucks	PM2001	CH 10095	Prime Mover	Mercedes-Benz	Actros 3354	2006	WD98341822L130944	8x6 Cab Chassis ROPS, PTO Hook, Tiltmeter	215,112	10,913	\$ 60,000	\$ 40,000
MW06	MT Weld	Trucks	LT2011	CH 10268	Crew Truck	Mercedes-Benz	Axor 1833	2008	WD98505632L413129	4x4 Flat Top Crew Cab Kevrek HI-AB Crane (Model: 1500, Serial No: 8236)	181,817	4,190	\$ 180,000	\$ 120,000
MW07	MT Weld	Pipe Trailers	DA2013	1TPY659	Pipe Loader Trailer (Rig 16)	Drill Rigs Australia	DRA - PTA 180	2014	6T9T23WAE0AAK092	Hydraulic Legs, Hydraulic Drill Rod Lifter, Hydraulic Fold Out Drill Rod Tables, Hydraulic Extendable Draw Bar, Barlett 12T Tow Hitch	-	-	\$ 320,000	\$ 250,000
MW08	MT Weld	Cyclone Trailer	CY2004	CH 6541	Cyclone Trailer	Austrill Northwest Pty Ltd	Box Top	2011	6T9T20WA1B0AAK603	4 x Stabiliser Legs, Angled Cyclone, 1000L Water Tank	-	-	\$ 12,000	\$ 7,000
MW09	MT Weld	Trailers	TH2065	CH 6601	Skid Trailer	Krueger	ST-3-35	1996	6FH7105GATM005963	Triside Semi, 40 Ft Extendable Skel ATM: 35T	407,466	-	\$ 30,000	\$ 22,000
MW10	MT Weld	Trailers	TH2087	CH 6739	Pig Trailer	Connector Drilling	CONN - PTA 180	2012	6T9T23WA1C0AAK099	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000
MW11	MT Weld	Trailers	TH2077	CH 6626	Pig Trailer	Connector Drilling	CONN - PTA 180	2012	6T9T23WA1C0AAK040	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000
MW12	MT Weld	Trailers	TH2073	CH 6634	Pig Trailer	Connector Drilling	CONN - PTA 180	2012	6T9T23WA1C0AAK038	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000
MW13	MT Weld	Earthmoving	BH2017	Not Registered	Front End Wheel Loader	Caterpillar	930H	2011	CAT0303HCHC02887	Engine No: C0E33994	-	1,460	\$ 150,000	\$ 110,000
MW14	MT Weld	Earthmoving	BH2020	1DXH993	Backhoe Loader	Caterpillar	432 ETC	2012	CAT0432EJJB0A0503	Engine No: C4207995	-	3,736	\$ 80,000	\$ 60,000
MW15	MT Weld	Light Vehicles	LV2033	KBC 319 C	Utility Vehicle	Toyota	Land Cruiser Workmate	2011	JTEL71J100024270	Single Cab Engine No: 1VD0144907	243,889	-	\$ 30,000	\$ 22,000
MW16	MT Weld	Compressors	AC2029	-	Air Compressor	Sullair	900/1150XHDLC-CA3	2011	4W0A02057BM0B06032 201111000032	Package Air Compressor With Fire Suppression System	-	1,707	\$ 120,000	\$ 80,000
MW17	MT Weld	Compressors	AC2035	-	Air Compressor	Sullair	900/1150XHDLC-CA3	2011	4W0A020505BM0C26029 201112200029	Package Air Compressor With Fire Suppression System	-	1,658	\$ 120,000	\$ 80,000
MW18	MT Weld	Compressors	AC2037	-	Air Compressor	Sullair	900/1150XHDLC-CA3	2012	4W0A02020CM112079 20201120079	Package Air Compressor With Fire Suppression System	-	959	\$ 120,000	\$ 80,000
													\$ 2,832,000	\$ 2,079,000



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LOCATION: MULGA DOWNS (NEWMAN)														
MD01	Mulga Downs		DR2015	-	Drill Rig No.15	Foremost	DR-24HD	2011	112625	Truck Mounted Drill Rig Engine No. 37249303, QSK19	-	5,981	\$ 1,100,000	\$ 800,000
MD02	Mulga Downs	Drill Rigs	HT2040	Not Registered	Drill Rig No.15 Carrier	Mercedes-Benz	Actros 4144	2011	WDB93233021562191	8x6 Cab Chassis Engine No. 54190300764881	1644	-		
MD03	Mulga Downs	Trucks	HT2032	CH 10232	Service Truck	MAN	TGS 41 480	2010	WMA96SZZ9BL061239	8x6 Cab Chassis Flat Top 3000L Diesel And 7000L Water Storage Tanks, Handrails, ROPS	43,228	1,768	\$ 230,000	\$ 190,000
MD04	Mulga Downs	Trucks	HT2033	CH 10225	Crane Truck	MAN	TGS 41 480	2010	WMA96SZZ9BL061352	8x6 Cab Chassis Flat Top Fixed Rear Mounted H-AB Crane (Maximum Weight 5.1 Kgs. Model: FT10A.23, Serial No. 1103-8867), ROPS	110,067	2,732	\$ 200,000	\$ 160,000
MD05	Mulga Downs	Trucks	HT2042	CH 10366	Water Truck	Mercedes-Benz	Actros 3341A	2009	WDB93016321392830	8x6 Cab Chassis Flat Top 14,000L Water Tank, Spray Bar, Dribble Bar, Water Pump, Cab Controls, ROPS	35,016	1,543	\$ 130,000	\$ 90,000
MD06	Mulga Downs	Trucks	HT2047	CH 10299	Service Truck	MAN	TGS 41 480	2012	WMA96SZZ9CL063719	8x6 Cab Chassis Flat Top 3000L Diesel And 7000L Water Storage Tanks, Handrails, ROPS	38,021	1,537	\$ 230,000	\$ 190,000
MD07	Mulga Downs	Trucks	HT2050	CH 10388	Crane Truck	MAN	TGS 41 480	2012	WMA96SZZ4CL064907	8x6 Cab Chassis Flat Top Force Rear Mounted H-AB Crane (Model: ZX80N 3S, Serial No: 29964), ROPS	87,202	2,104	\$ 210,000	\$ 170,000
MD08	Mulga Downs	Trucks	HT2055	CH 10507	Water Truck	MAN	TGS 41 480	2013	WMA96SZZ8CL065980	8x6 Cab Chassis Flat Top 17,000L Water Tank On Skid, ROPS	28,887	1,120	\$ 240,000	\$ 200,000
MD09	Mulga Downs	Pipe Trailers	DA2002	CH 6559	Pipe Leader Trailer (Rig 15)	Connector Drilling	CONN - PTA 180	2011	6T9T23WA1B0AAK039	Hydraulic Legs, Hydraulic Drill Rod Lifter, Hydraulic Fold Out Drill Rod Tables, Hydraulic Extendable Draw Bar, Bartlett 127 Tow Hitch	-	-	\$ 290,000	\$ 230,000
MD10	Mulga Downs	Cyclone Trailer	CY2008	CH 6541	Cyclone Trailer	Connector Drilling	Box Top T20	2012	6T9T20WA1C0AAK603	4 x Stabiliser Legs, Angled Cyclone, Concrete Block	-	-	\$ 14,000	\$ 8,000
MD11	Mulga Downs	Trailers	TH2025	CH 6018	Dog Trailer	Custom Made	-	1969	E25628	Dual Axle	-	-	\$ 18,000	\$ 13,000
MD12	Mulga Downs	Trailers	TH2083	CH 6647	Pig Trailer	Connector Drilling	CONN - PTA 180	2012	6T9T23WA1C0AAK082	Dual Axle ATM - 18T	-	-	\$ 20,000	\$ 16,000
MD13	Mulga Downs	Trailers	TH2095	CH 6632	Pig Trailer	Connector Drilling	CONN - PTA 180	2012	6T9T23WA1C0AAK039	Dual Axle ATM - 18T	-	-	\$ 20,000	\$ 16,000
MD14	Mulga Downs	Earthmoving	BH2019	1DXT482	Backhoe Loader	Caterpillar	432 ETC	2011	CAT0432ECJBA01961	Engine No: CAZ05062	-	2,820	\$ 80,000	\$ 60,000
MD15	Mulga Downs	Earthmoving	BH2014	1DR675	Backhoe Loader	Caterpillar	432 E	2011	CAT0432EJBA01354	Engine No: CAZ03333	-	3,028	\$ 80,000	\$ 60,000
MD16	Mulga Downs	Light Vehicles	LV2019	1DPW162	Utility Vehicle	Toyota	Hilux SR	2011	MR0FZZG501046188	Single Cab 4x4 Engine No: 1KD5296993	207,240	-	\$ 25,000	\$ 16,000
MD17	Mulga Downs	Compressors	AC2019	-	Air Compressor	Sullair	900XHH CAT	2007	200704200132	Package Air Compressor With Fire Suppression System	-	2,447	\$ 90,000	\$ 60,000
MD18	Mulga Downs	Compressors	AC2027	-	Air Compressor	Sullair	900/1150XHADTQ- CAS	2008	200901210016	Package Air Compressor With Fire Suppression System	-	2,658	\$ 90,000	\$ 60,000
MD19	Mulga Downs	Mud Pumps	MU2008	-	Mud Pump	Gardner Denver	Duplex 3" X 6"	-	-	Pneumatic Driven, Skid Mounted	-	-	\$ 12,000	\$ 8,000
MD20	Mulga Downs	Mud Pumps	MU2012	-	Mud Pump	Gardner Denver	Duplex 3" X 6"	-	-	Pneumatic Driven, Skid Mounted	-	-	\$ 12,000	\$ 8,000



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LOCATION: GABANINTHA (MEEKATHARRA)														
GA01	Gabanintha	Drill Rigs	DR2014	-	Drill Rig No.14	Foremost	DR-24HD	2011	112611	Truck Mounted Drill Rig Engine No. 37247614-QSK19	-	6,089	\$ 1,100,000	\$ 800,000
GA02	Gabanintha		HT2009		Not Registered	Mercedes-Benz	Actros 4144	2010	WD99323362L383240	8x4 Cab Chassis	2,172	-		
GA03	Gabanintha	Trucks	HT2010	1BY2321	Service Truck	Mercedes-Benz	Actros 3244	2004	WD99303062K880778	8x4 Cab Chassis Flat Top ROPS	556,478	-	\$ 100,000	\$ 80,000
GA04	Gabanintha	Trucks	HT2029	1DPN100	Service Truck	MAN	TGS 41480	2010	WMA96SZBBL061166	8x4 Cab Chassis Flat Top 3000L Diesel And 7000L Water Storage Tanks, Handrails, ROPS	47,287	-	\$ 220,000	\$ 180,000
GA05	Gabanintha	Trucks	HT2036	CH 10213	Crane Truck	Mercedes-Benz	Actros 4144	2011	WD99323362L554086	8x4 Cab Chassis Flat Top Fixed Rear Mounted H-148 Crane (WWL- 5.4T, Model F110), ROPS	72,572	-	\$ 220,000	\$ 170,000
GA06	Gabanintha	Trucks	LT2010	CH 10378	Crew Truck	Mercedes-Benz	Axor 1833	2010	WD99505632L411409	4x4 Flat Top Crew Cab Fixed Rear Mounted H-148 Crane (Model: 1500, Serial No: 8483), ROPS	80,386	1,831	\$ 210,000	\$ 170,000
GA07	Gabanintha	Pipe Trailers	DA2007	CH 6625	Pipe Loader Trailer (Rig 16)	Drill Rigs Australia	DRA - PTA 180	2012	6T9T23WA COAAK080	Hydraulic Legs, Hydraulic Drill Rod Lifter, Hydraulic Fold Out Drill Rod Tables, Hydraulic Extendable Draw Bar, Bartlett 127 Tow Hitch	-	-	\$ 260,000	\$ 230,000
GA08	Gabanintha	Cyclone Trailer	CY2007	CH 6633	Cyclone Trailer	Connector Drilling	Box Top 720	2012	6T9T20WA COAAK489	4 x Stabiliser Legs, Angled Cyclones, Concrete Block	-	-	\$ 14,000	\$ 8,000
GA09	Gabanintha	Dolly's	TH2017	NO2527	Converter Dolly	Custom Made	-	2007	1282-2007	Dual Axle	-	-	\$ 14,000	\$ 9,000
GA10	Gabanintha	Dolly's	CDD117	1TER362	Converter Dolly	Custom Made	-	-	-	Dual Axle	-	-	\$ 8,000	\$ 5,000
GA11	Gabanintha	Trailers	TH2016	1TGP382	Semi Trailer	Freighter Australia	-	1984	48690	Tri-axle Flat top, 40 Ft	-	-	\$ 20,000	\$ 14,000
GA12	Gabanintha	Trailers	TH2049	1TMF640	Semi Trailer	Vawdrey	-	2011	6HJVAWAUSBSEC7695 25886	Tri-axle Drop Deck, 40 Ft ATM: 45T	-	-	\$ 60,000	\$ 45,000
GA13	Gabanintha	Trailers	TH2057	CH 6552	Pig Trailer	Connector Drilling	CONN - PTA 180	2011	6T9T23WA BDAK035	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000
GA14	Gabanintha	Trailers	TH2058	CH 6546	Pig Trailer	Connector Drilling	CONN - PTA 180	2011	6T9T23WA BDAK036	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000
GA15	Gabanintha	Trailers	TH2069	1TGF618	Skel Trailer	Transport Spares & Equipment	-	2002	6T9T25WA 121AAK042	Tri-axle Semi, 40 Ft Skel ATM: 40T	-	-	\$ 32,000	\$ 22,000
GA16	Gabanintha	Trailers	TH2071	CH 6589	Pig Trailer	Connector Drilling	CONN - PTA 180	2011	6T9T23WA BDAK088	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000
GA17	Gabanintha	Trailers	TH2085	CH 6640	Pig Trailer	-	-	2012	6T9T23WA COAAK084	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000
GA18	Gabanintha	Earthmoving	BH2015	1DUF353	Backhoe Loader	Caterpillar	432 E	2011	CAT0432ELJBA01356	-	-	2,686	\$ 80,000	\$ 60,000
GA19	Gabanintha	Compressors	AC2020	-	Air Compressor	Sullair	900XHH DTQ	2007	200704210012	Package Air Compressor With Fire Suppression System	-	3,143	\$ 90,000	\$ 60,000
GA20	Gabanintha	Compressors	AC2021	-	Air Compressor	Sullair	900XHH DOT	2007	200704200132	Package Air Compressor With Fire Suppression System	-	1,644	\$ 90,000	\$ 60,000
GA21	Gabanintha	Compressors	AC2022	-	Air Compressor	Sullair	900XHH DOT	2007	200704200132	Package Air Compressor With Fire Suppression System	-	2,788	\$ 90,000	\$ 60,000



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GA22	Gabarrintha	Compressors	AC2033	-	Air Compressor	Sullair	900XHH CAT	-	200704200132	Package Air Compressor With Fire Suppression System	-	-	\$	90,000	\$	60,000



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LOCATION: SPONGE BOB (WEEKATHARRA)														
S901	Sponge Bob	Cyclone Trailer	CY2003	CH 6459	Cyclone Trailer	Connector Drilling	Box Top T20	1999	619T20WA1B0AAK053	4 x Stabiliser Legs, Angled Cyclone, Concrete Block	-	-	\$ 9,000	\$ 6,000
S902	Sponge Bob	Trailers	TH2040	CH 6518	Pig Trailer	Connector Drilling	CONN - PTA 180	2010	619T23WA1A0AAK114	Dual Axle ATM - 18T	-	-	\$ 20,000	\$ 16,000
S903	Sponge Bob	Trailers	TH2072	CH 6603	Pig Trailer	Connector Drilling	CONN - PTA 180	2012	619T23WA1C0AAK052	Dual Axle ATM - 18T	-	-	\$ 20,000	\$ 16,000
S904	Sponge Bob	Trailers	TH2082	CH 6659	Pig Trailer	Connector Drilling	CONN - PTA 180	2012	619T23WA1C0AAK081	Dual Axle ATM - 18T	-	-	\$ 20,000	\$ 16,000
S905	Sponge Bob	Earthmoving	BH2021	EDL351	Backhoe Loader	Caterpillar	432 F	2012	CAT0432FALNR00191	Engine No. C4208177	-	1,647	\$ 90,000	\$ 70,000
S906	Sponge Bob	Compressors	AC2018	-	Air Compressor	Sullair	900XH 1150XH	2006	200603020926	Package Air Compressor With Fire Suppression System	-	3,019	\$ 90,000	\$ 60,000
S907	Sponge Bob	Compressors	AC2025	-	Air Compressor	Sullair	900XH 1150XH	2006	200610140011	Package Air Compressor With Fire Suppression System	-	2,529	\$ 90,000	\$ 60,000
S908	Sponge Bob	Compressors	AC2030	-	Air Compressor	Sullair	900XH 1150XH	2011	201112260031	Package Air Compressor With Fire Suppression System	-	765	\$ 120,000	\$ 80,000
S909	Sponge Bob	Mud Pumps	MU2002	-	Mud Pump	Gardner Denver	Duplex 5 1/2" X 8"	-	766663	Pneumatic Driven, Skid Mounted	-	-	\$ 12,000	\$ 8,000



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LOCATION: CATABY														
CA01	Cataby	Drill Rigs	DP2009	-	Drill Rig No.9	Schramm	T685WSC Roto Drill	2008	J124 - B109	Truck Mounted Drill Rig Engine No: 3723352-QSK19	-	9,781	\$ 900,000	\$ 600,000
CA02	Cataby		HT1009	Not Registered	Drill Rig No.9 Carrier	Mercedes-Benz	Actros 4144	2008	WDB923362L328911	8x6 Cab Chassis	2,791	331		
CA03	Cataby	Trucks	HT2011	BY 91138	Prime Mover Crane Truck	MAN	TGA 35.480	2006	WMAH76ZZ36L045101	8x6 Cab Chassis Flat Top Faasi Rear Mounted HIAB Crane (WWL 5.4T, Model: FT10), ROPS	627,939	-	\$ 110,000	\$ 90,000
CA04	Cataby	Trucks	HT2043	1DPM600	Service Truck	MAN	TGS 41.480	2011	WMA96SZZ7BL063362	8x6 Cab Chassis Flat Top 3000L Diesel And 7000L Water Storage Tanks, Handrails, ROPS	26,775	1,357	\$ 230,000	\$ 190,000
CA05	Cataby	Trucks	HT2044	CH 10363	Crane Truck	MAN	TGS 41.480	2011	WMA96SZZ4CL064907	8x6 Cab Chassis Flat Top Force Rear Mounted HIAB Crane (Model: ZX1003S, Serial No: 16095), ROPS	79,719	1,653	\$ 210,000	\$ 170,000
CA06	Cataby	Trucks	HT2056	CH 10581	Water Truck	MAN	TGS 41.480	2013	WMA96SZZ8CL065976	8x6 Cab Chassis Flat Top 17,000L Water Tank, ROPS	15,158	416	\$ 240,000	\$ 200,000
CA07	Cataby	Trucks	LT2016	CH 10347	Crew Truck	MAN	TGM 15.290	2012	WMAN36ZZ9CY284917	4x4 Flat Top Crew Cab Kenek HIAB Crane (Model: 1500, Serial No: 8412), ROPS	73,475	2,410	\$ 210,000	\$ 170,000
CA08	Cataby	Pipe Trailers	DA2008	CH 6651	Pipe Loader Trailer (Rig 9)	Drill Rigs Australia	DRA - PTA 180	2012	6T9T23WA1C0AAK071	Hydraulic Legs Hydraulic Drill Rod Lifter Hydraulic Fold Out Drill Rod Tables Hydraulic Extendable Draw Bar, Bartlett 127 Tow Hitch	-	-	\$ 290,000	\$ 230,000
CA09	Cataby	Trailers	TH2008	CH 6429	Pig Trailer	Connector Drilling	CONN - PTA 180	2009	6T9T23WA190AAK102	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000
CA10	Cataby	Trailers	TH2037	CH 6517	Pig Trailer	Connector Drilling	CONN - PTA 180	2010	6T9T23WA1A0AAK115	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000
CA11	Cataby	Trailers	TH2043	CH 6458	Pig Trailer	Connector Drilling	CONN - PTA 180	2008	6T9T23WA180AAK160	Dual Axle ATM: 18T	-	-	\$ 20,000	\$ 16,000
CA12	Cataby	Trailers	TH2044	CH 6534	Skel Trailer	Custom Made	-	2011	TR31594048	Tri-axle Semi, 40 Ft Skel Trailer	20,168	-	\$ 35,000	\$ 25,000
CA13	Cataby	Trailers	TH2070	CH 6638	Skel Trailer	Transport Spares & Equipment	-	2002	6T9T23WA121AAK026	Tri-axle Semi, 40 Ft Skel Trailer ATM: 40T	75,464	-	\$ 32,000	\$ 22,000
CA14	Cataby	Earthmoving	BH2016	Not Registered	Wheel Loader	Caterpillar	930 H	2009	CAT0830HPDHC01418	Engine No: CBE18862 ROPS	-	3,022	\$ 150,000	\$ 110,000
CA15	Cataby	Compressors	AC2015	-	Air Compressor	Sullair	1150XHA CAT	2006	200606150110	Package Air Compressor With Fire Suppression System	-	4,451	\$ 90,000	\$ 60,000
CA16	Cataby	Generators	GE2004	-	Genset	Caterpillar (Olympian)	GE985-1	2010	OLY0000A11803801	Package Genset, 88KVA, 70.4kW, 415/240V	-	-	\$ 15,000	\$ 10,000
CA17	Cataby	Generators	PE2370 TL1529	1TUE001	Genset Trailer	Atlas Copco	QAX 60	2008	8162-0940-26 6AAT2080JPT011910	Package Genset, 4-Cyl Diesel Engine Driving Stamford Generator	-	4,801	\$ 8,000	\$ 5,000
CA18	Cataby	Mud Pumps	MU2005	-	Mud Pump	Gardner Denver	Duplex 3 1/2" X 8"	-	-	Pneumatic Driven, Skid Mounted	-	-	\$ 12,000	\$ 8,000
CA19	Cataby	Mud Screening	MU2010	-	Mud Pump	Gardner Denver	Duplex 5 1/2" X 8"	-	-	Driven through Ford Engine, Skid Mounted	-	-	\$ 12,000	\$ 8,000
CA20	Cataby	Mud Screening	MA2003	-	Mud Cleaning System	Connector Drilling	-	2010	-	Top Mounted Vibratory Dewatering Screen, Premix Tank, Clean Tank, Dirty Tank, Deslimer Centrifugal Pump Set, Mixing Centrifugal Pump Set, Davy Circulation Pump Set	-	-	\$ 80,000	\$ 50,000



ITEM #	LOCATION	CLASS	ASSET #	REG #	ASSET	MANUFACTURER	MODEL	YEAR	VN / SERIAL #	DESCRIPTION	ODOMETER	HOURS	MARKET VALUE (\$)	ORDERLY LIQUIDATION VALUE (\$)
SIGHT UNSEEN / NOT VERIFIED ASSETS														
SU01	Sight Unseen	Dolly's	TH2059	CH 6637	Converter Dolly	Fruehauf	Dolly	1988	32367	Dual Axle	-	-	\$ 8,000	\$ 5,000
SU02	Sight Unseen	Dolly's	TH2061	1TER362	Converter Dolly	-	Dolly	2003	6T9T23WA131AAK140	Dual Axle	-	-	\$ 12,000	\$ 8,000
SU03	Sight Unseen	Pipe Trailers	DA2004	CH 6697	Pipe Loader Trailer	Air Drill Pty Ltd	Schramm TXD Rod Handler	2012	1K9AH54B8B5268132	Hydraulic Legs Hydraulic Drill Rod Lifter, Hydraulic Fold Out Drill Rod Tables, Hydraulic Extendable Draw Bar, Bartlett 127 Tow Hitch	-	-	\$ 290,000	\$ 230,000
SU04	Sight Unseen	Trailers	TH2002	1TAG626	Semi Trailer	Southern Cross	-	2006	689828NSG6A4B2507	Tri-axle Semi, Assumed 40 Ft Flat Top Trailer	-	-	\$ 30,000	\$ 22,000
SU05	Sight Unseen	Trailers	TH2012	CH 6370	Pig Trailer	Connector Drilling	CONN - PTA 180	2008	6T9T23WA180AAK161	Dual Axle ATM-18T	-	-	\$ 20,000	\$ 16,000
SU06	Sight Unseen	Trailers	TH2041	-	Semi Trailer	-	-	2006	-	Tri-axle Semi, 40 Ft Flat Top Trailer	-	-	\$ 30,000	\$ 22,000
SU07	Sight Unseen	Trailers	TH2067	1T1213	Semi Trailer	Loadstar	Air Pack	2007	6A5T20720000000392	Assumed Tri-axle Semi, 40 Ft Flat Top Trailer	-	-	\$ 30,000	\$ 22,000
SU08	Sight Unseen	Compressors	AC2009	-	Air Compressor	Sullair	1150XH CAT	2006	200605230100	Package Air Compressor With Fire Suppression System	-	-	\$ 90,000	\$ 60,000
SU09	Sight Unseen	Compressors	AC2023	-	Air Compressor	Sullair	900XHH	2006	-	Package Air Compressor With Fire Suppression System	-	4,216	\$ 90,000	\$ 60,000
SU10	Sight Unseen	Compressors	AC2028	-	Air Compressor	Sullair	900XHH	2008	200.806.260.120	Package Air Compressor With Fire Suppression System	-	4,329	\$ 90,000	\$ 60,000
SU11	Sight Unseen	Cyclone Trailer	CY2002	1TDY867	Cyclone Trailer	Connector Drilling	Box Top T20	1999	6T9T20WA1B0AAK053	4 x Stabiliser Legs, Angled Cyclone, Concrete Block	-	-	\$ 9,000	\$ 6,000
SU12	Sight Unseen	Cyclone Trailer	CY2009	-	Cyclone Trailer	-	-	-	-	RXX Cyclone Trailer On Stand	-	-	\$ 9,000	\$ 6,000
SU13	Sight Unseen	Cyclone Trailer	CY2010	-	Cyclone Trailer	-	-	-	-	Cyclone Trailer CTX18	-	-	\$ 9,000	\$ 6,000
SU14	Sight Unseen	Cyclone Trailer	CY2013	-	Cyclone Trailer	-	-	-	-	Cyclone Trailer (Rg 21)	-	-	\$ 9,000	\$ 6,000
SU15	Sight Unseen	Mud Pumps	MU2010	-	Mud Pump	Gardner Denver	Duplex 5 1/2" X 6"	-	-	Pneumatic Driven, Skid Mounted	-	3,616	\$ 12,000	\$ 8,000
SU16	Sight Unseen	Mud Pumps	MU2015	-	Mud Pump	Gardner Denver	Duplex 3" X 6"	-	-	Pneumatic Driven, Skid Mounted	-	-	\$ 12,000	\$ 8,000
SU17	Sight Unseen	Light Vehicles	-	-	Utility Vehicle	Toyota	Land Cruiser 70-series	2009	-	Assumed Single Cab 4x4	390,000	-	\$ 26,000	\$ 18,000
SU18	Sight Unseen	Light Vehicles	-	-	Utility Vehicle	Toyota	Land Cruiser 70-series	2011	-	Assumed Single Cab 4x4	212,000	-	\$ 31,000	\$ 23,000
SU19	Sight Unseen	Light Vehicles	-	-	Utility Vehicle	Toyota	Land Cruiser 70-series	2016	-	Assumed Dual Cab 4x4	77,000	-	\$ 60,000	\$ 47,000
SU20	Sight Unseen	Light Vehicles	-	-	Utility Vehicle	Toyota	Hilux SR	2012	-	Assumed Dual Cab 4x4	170,000	-	\$ 27,000	\$ 18,000



ITEM #	LOCATION	CLASS	ASSET #	REG #	ASSET	MANUFACTURER	MODEL	YEAR	VIN / SERIAL #	DESCRIPTION	ODOMETER	HOURS	MARKET VALUE (\$)	ORDERLY LIQUIDATION VALUE (\$)
ALLOWANCE FOR SPARE PARTS														
AL01	Various Sites	Spare	-	-	Allowance for Contingency of Various Spare Parts Including But Not Limited to	-	-	-	-	Drill Rods, Drill Hole Sleeves, Warehouse Inventory Listing as Supplied By The Client	-	-	\$ 5,000,000	\$ 500,000
										Grand Total			\$ 30,693,000	\$ 19,498,000

Notes:

End of
Prospectus



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LIMITED

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