

VYSARN
LIMITED



VYSARN LIMITED

ACN 124 212 175

PROSPECTUS

For a non-renounceable pro rata entitlement offer of 3 New Shares for every 10 Shares held by Eligible Shareholders at the Record Date at an issue price of \$0.045 per New Share to raise approximately \$4,018,386 (before costs) (**Entitlement Offer**).

The Entitlement Offer is currently expected to close at 5.00pm (WST) on 23 June 2020. Valid applications must be received before that time. Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Entitlement Offer.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE
ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.**

**THE SECURITIES OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A
SPECULATIVE NATURE. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU
SHOULD
CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.**

IMPORTANT INFORMATION

General

This Prospectus is dated, and was lodged with ASIC on 28 May 2020. Neither ASIC, ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

The Company will apply to ASX for Official Quotation by ASX of the New Shares offered under this Prospectus within seven days of the date of this Prospectus.

A copy of this Prospectus is available for inspection at the Australian registered office of the Company at 108 Outram Street, West Perth WA 6005 during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request.

No person or entity is authorised to give any information or to make any representation in connection with the Entitlement Offer 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 Entitlement Offer.

Application Form

The Entitlement and Acceptance Form accompanying this Prospectus is important.

Acceptance of New Shares under the Entitlement Offer can only be submitted on an Entitlement and Acceptance Form sent with a copy of this Prospectus by the Company. If acceptance is by BPAY® or EFT there is no need to return an Entitlement and Acceptance Form. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement. Please refer to the instructions in Section 4 regarding the acceptance of your Entitlement and completion of the Entitlement and Acceptance Form.

By returning an Entitlement and Acceptance Form or making a BPAY® or EFT payment, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Entitlement Offer detailed in this Prospectus.

Eligibility

Eligible Shareholders can only take up their Entitlements by completing and returning the Entitlement and Acceptance Form accompanying this Prospectus or by making a BPAY® or EFT payment in accordance with the instructions on the Entitlement and Acceptance Form. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Entitlement Offer.

Overseas Shareholders

This Prospectus does not, and is not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Prospectus.

The Entitlement Offer is not being extended, and New Shares will not be issued, to Shareholders with a registered address which is outside Australia or New Zealand. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to permit the offer of New Shares to existing Shareholders in any jurisdiction other than Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside those jurisdictions is restricted by law and persons outside of those jurisdictions should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Important information for New Zealand Shareholders

The Entitlement Offer to Shareholders with a registered address in New Zealand is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001 (Cth). In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

The Entitlement Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. The Corporations Act sets out how the Entitlement Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Entitlement Offer. If you need to make a complaint about the Entitlement Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand securities.

If you are uncertain about the terms and conditions of the Entitlement Offer, you should seek the advice of an appropriately qualified financial adviser.

Notice to nominees and custodians

Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that taking up any New Shares does not breach regulations in the relevant jurisdiction. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Continuously Quoted Securities

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may

reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

Exposure Period

No exposure period applies to the Entitlement Offer.

Speculative Investment

An investment in the New Shares should be considered highly speculative. Refer to Section 5 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for New Shares should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance profits and losses of the Company and the rights and liabilities attaching to the New Shares.

This Prospectus does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Shares have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that the New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

Forward-looking Statements

This Prospectus contains forward-looking statements which may be 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 risks associated with an investment in the Company are detailed in Section 5. 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.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Currency

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

Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

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 8.

CORPORATE DIRECTORY

Directors

Mr Peter Hutchinson Chairman
Mr James Clement Managing Director & CEO
Mr Sheldon Burt Executive Director
Mr Chris Brophy Non-Executive Director

Company Secretary

Ms Kyla Garic Company Secretary

Registered Office

108 Outram Street
West Perth WA 6005
Tel: +61 8 9486 7244
Fax: +61 8 9463 6373
Email: info@vysarn.com.au
Website: <https://vysarn.com.au/>

ASX Code VYS

Share Registry

Automatic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000
Tel (within Australia): 1300 288 664
Tel (outside Australia): +61 2 9698 5414

Auditors

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

Lawyers

DLA Piper Australia
Level 21
240 St Georges Terrace
Perth WA 6000 Australia

Home Exchange

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

INDICATIVE TIMETABLE FOR ENTITLEMENT OFFER

Event	Indicative Date
Lodgement of Prospectus with ASIC and ASX	28 May 2020
Company sends letters to Ineligible Shareholders and despatches the Notice of Meeting	29 May 2020
Ex Date	2 June 2020
Record Date (at 5:00pm WST)	3 June 2020
Prospectus and Entitlement and Acceptance Form dispatched to Eligible Shareholders and Offer opens	9 June 2020
Entitlement Offer and Shortfall Offer Opening Date	9 June 2020
Last day to extend the Entitlement Offer Closing Date	18 June 2020
Entitlement Offer Closing Date (at 5:00pm WST)	23 June 2020
Announcement of results of Entitlement Offer	26 June 2020
General Meeting	29 June 2020
Issue of New Shares under Entitlement Offer	30 June 2020
Anticipated date for despatch of holding statements for New Shares	1 July 2020
Anticipated trading of New Shares on ASX commences	1 July 2020

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest.

LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of the Board, I am pleased to present this Prospectus for Vysarn Limited's (**Company** or **Vysarn**) Entitlement Offer to Shareholders.

The Entitlement Offer is a non-renounceable pro rata entitlement offer of new fully paid ordinary shares in the Company on the basis of 3 New Shares for every 10 Shares held on the Record Date at \$0.045 per New Share to raise up to approximately \$4,018,386 (before costs) (**Entitlement Offer**). The offer price of \$0.045 per New Share represents a discount of 18.2% to the Company's last closing price on ASX of \$0.055 on 15 May 2020 being the last trading day prior to the Company's announcement of the Entitlement Offer on 18 May 2020 and 11.8% to the Company's last closing price on ASX of \$0.051 on 27 May 2020 being the last trading day prior to the date of this Prospectus.

Since relisting on ASX in September last year, the Company (through its wholly owned subsidiary Pentium Hydro Pty Ltd (**Pentium**)) has been able to establish itself as a fully operational service provider in the borefield construction industry, and as detailed in the Company's announcements, its recent operating and financial performance has been in line with management's expectations and forecasts. The Board is mindful however, that the global economic outlook faces uncertainty due to the current COVID-19 pandemic which is impacting domestic and global markets. As such, the Board considers it prudent to take pre-emptive action and raise funds under the Entitlement Offer to strengthen the Company's balance sheet. Funds raised will give the Company optionality to either execute its organic and acquisitive growth strategies, to pay down debt and/or provide additional cash reserves should the core business see a contraction in work in the short to medium term.

The Board strongly encourages you to participate in the Entitlements Offer, and considers that the key investment highlights of the Company include:

- a) Rig Utilisation:** 8 of Pentium's 10 drill rigs are now under contract. The business continues to field multiple enquiries regarding rig availability to provide borefield construction services in the resources sector, and is in ongoing discussions with existing and potential clients to ensure continued utilisation of its rigs. In addition, as announced by the Company on 27 May 2020 and in line with its organic growth strategy, Pentium has entered into an asset sale agreement to acquire 2 additional Dual Rotary rigs. These rigs will supplement Pentium's existing fleet and enable it to broaden its service offering.
- b) Operating and Financial Performance:** As detailed in the Company's announcements, during the second half of the 2019/2020 financial year, the Company has enjoyed material growth in revenue, particularly in the latter months. This is expected to improve further leading up to the end of the financial year with the month of June expected to provide the Company with its strongest monthly earnings performance to date. The Board expects that subject to maintaining a utilisation rate of 8 rigs, that the month of June will provide management with its first visibility of achievable average monthly maintainable EBITDA leading into the new financial year.
- c) Strong Board and Management Team:** Your Company is led by an experienced and proven Board, which was further strengthened this year with the appointment of Mr James Clement as Managing Director and Chief Executive Officer. James is a high calibre professional with a proven track record, and we are delighted to have been able to attract an applicant of his standing.

- d) Growth Strategy:** Completion of the Entitlement Offer will further strengthen the Company's ability to execute its organic and acquisitive growth strategy, at the same time providing the Company with optionality to pay down debt and/or provide additional cash reserves should economic conditions deteriorate.

Demonstrating our strong support for the Company and belief in its growth strategy, I am pleased to confirm that James, Sheldon and I all intend to take up our respective entitlements in full and, in the event there is a Shortfall under the Entitlement Offer, subject to Shareholder approval, we intend to participate in the Shortfall Offer.

As with any investment, there are risks associated with investing in the share market generally and the Company specifically. You should read this Prospectus in its entirety before deciding to invest and in particular, consider the risks detailed in Section 5.

On behalf of the Board, I strongly encourage you to participate in the Entitlement Offer and thank you for your continued support.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Hutchinson', written in a cursive style.

Mr Peter Hutchinson
Chairman

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1. Investment Overview

Topic	Summary	Further information
What is the Entitlement Offer?	A non-renounceable pro rata offer of 3 New Shares for every 10 Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.045 per New Share.	Section 2.1
What is the purpose of the Entitlement Offer?	The purpose of the Entitlement Offer is to raise approximately \$4 million (before costs). Whilst Pentium has established itself as a fully functioning service provider in the borefield construction industry, and the Company's recent operating and financial performance has been in line with management's expectations and forecasts, the Board is mindful that the global economic outlook faces uncertainty due to the current COVID-19 pandemic. As such, the Board considers it prudent to take pre-emptive action and raise funds under the Entitlement Offer to strengthen the Company's balance sheet, with funds raised to primarily be used to: • partially fund the Company's acquisition of 2 additional Dual Rotary drill rigs as announced by the Company on 27 May 2020; and • provide optionality for the Company to either execute its organic and acquisitive growth strategies, pay down debt or to provide additional cash reserves.	Section 2.2
What are the key investment highlights?	The Board strongly encourages Eligible Shareholders to participate in the Entitlements Offer, and considers the key investment highlights of the Company to include the following: • Rig Utilisation: 8 of Pentium's 10 drill rigs are now under contract. The business continues to field multiple enquiries regarding rig availability to provide borefield construction services in the resources sector, and is in ongoing discussions with existing and potential clients to ensure continued utilisation of its rigs. In addition, as announced by the Company on 27 May 2020 and in line with its organic growth strategy, Pentium has agreed to acquire 2 additional Dual Rotary rigs. These rigs will supplement Pentium's existing fleet and enable it to broaden its service offering. • Operating and Financial Performance: As detailed in the Company's announcements, during the second half of the 2019/2020	-

Topic	Summary	Further information
	financial year, the Company has enjoyed material growth in revenue, particularly in the latter months. This is expected to improve further leading up to the end of the financial year with the month of June expected to provide the Company with its best monthly earnings performance to date. The Board expects that subject to maintaining a utilisation rate of 8 rigs, that the month of June will provide management with its first visibility of achievable average monthly maintainable EBITDA leading into the new financial year. • Strong Board and Management Team: The Company is led by an experienced and proven Board, which was further strengthened this year with the appointment of Mr James Clement as Managing Director and Chief Executive Officer. • Growth Strategy: Completion of the Entitlement Offer will strengthen the Company's ability to execute its organic and acquisitive growth strategy, at the same time providing the Company with optionality to pay down debt or provide additional cash reserves should economic conditions deteriorate. • Director participation: Chairman Mr Peter Hutchinson, Managing Director Mr James Clement and Executive Director Mr Sheldon Burt have all indicated that they intend to take up their Entitlement in full and, subject to Shareholder approval, intend to apply for any Shortfall Shares which may be available under the Shortfall Offer.	
What are the key risks associated with an investment 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 5. • COVID-19 Risk: The global economic outlook is facing uncertainty due to the current COVID-19 pandemic which is impacting both domestic and global capital markets. As noted in the Company's 18 May 2020 ASX announcement, the Company has to date been able to mitigate any COVID-19 associated downturn in revenue or cost increases. However, as the situation with respect to COVID-19 continues to develop (and the economy and the government's response to the pandemic evolves), there can be no assurance that the Company will be able to	Section 5

Topic	Summary	Further information
	continue to mitigate any adverse effects of COVID-19 on the business. Further, the Company is ultimately exposed to the Australian resources sector, and a downturn in this sector (as a result of COVID-19 and/or other factors) could lead to reduced demand for the Company's services, which could have an adverse effect on the operating and financial performance of the Company. A prolonged economic contraction as a result of COVID-19 and/or other factors could impact on the Company's ability to continue to meet its ongoing financial obligations (including debt). • Contractual Risk: 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. • Recently Established Business: The Company relisted on ASX following completion of the Acquisition in September 2019. The Company has established itself as a fully operational business with 8 of its 10 rigs under contract, but remains a relatively new entrant into the market. The Company's ability to continue to generate revenue will depend on the Company being able to retain its existing clients as well as attract new business, and there is no guarantee that the Company will be able to do so. • Demand Risk: The Company's business depends on, among other things, the level of activity in the industries it services, 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. In addition, the Company is currently pushing to complete robust safety management systems and ISO accreditations in safety, quality, and environment which it considers will provide opportunities for Pentium to qualify as preferred contractors for Tier 1 clients and	

Topic	Summary	Further information
	therefore provide expanded opportunities for future deployment of its fleet. There is no guarantee that the Company will be able to obtain such accreditations, or that such accreditations will qualify Pentium as preferred contractors for clients, which in turn could have an adverse effect on the performance of the Company. Future Capital Requirements: The Company's growth through its borefield construction business and water management services solutions will require substantial expenditure. The future capital requirements of the Company will depend on many factors. While the Company believes its available cash and the net proceeds of the Entitlement Offer should be adequate to fund its business development activities and other Company objectives in the short term, there can be no guarantees that it will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. The Company may require additional funding for working capital and/or to fund its growth strategy, and there can be no assurance that it will be able to obtain such funding. Any additional equity financing may be dilutive to 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. Operational Risks and Asset Conditions and Maintenance: The Company's business depends significantly on its assets, and the ability of the assets to perform the services offered by the Company. The Company has put in place adequate procedures to ensure the assets are properly maintained and in good working condition, however, there is the risk that 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, as announced by the Company on 27 May 2020, Pentium has entered into an agreement to acquire 2 additional Dual Rotary rigs. Pentium will take ownership of the rigs and have responsibility for transporting the rigs to Western Australia.	

Topic	Summary	Further information
	There is a risk that the rigs could be damaged or lost during transit. Further, whilst Pentium's personnel have inspected the rigs and are satisfied of their condition, there remains a risk that the rigs could be faulty, break down or not perform to the levels expected by the Company. 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 takes 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. • General Economic Risks: General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities. Further, share market conditions may affect the value of New Shares regardless of the Company's operating performance. Share market conditions are affected by many factors including general economic outlook, interest rates and inflation rates, currency fluctuations, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital; and terrorism or other hostilities.	
What is the effect of the Entitlement Offer on the Company?	The Entitlement Offer will result in the issue of up to approximately 89,297,474 New Shares which will raise up to approximately \$4,018,386 (before costs).	Section 3.1
Who can participate in the Entitlement Offer?	Eligible Shareholders, being Shareholders with a registered address in Australia or New Zealand on the Record Date may participate in the Entitlement Offer.	Section 2.1
Is the Entitlement Offer subject to a minimum subscription?	No.	Section 2.4
Can I subscribe for more than my Entitlement?	Yes, if you take up your Entitlement in full, you can apply for additional New Shares under the Shortfall Offer.	Section 4

Topic	Summary	Further information
	The allocation of additional New Shares applied for under the Shortfall Offer will be subject to the allocation policy in Section 2.8.	
How will Shortfall be allocated?	To align the interests of senior management with that of Shareholders, the Board has devised a Shortfall allocation policy that will give certain executive management of the Company (which, subject to Shareholder approval includes Managing Director Mr James Clement and Executive Director Mr Sheldon Burt) (Management Shortfall Applicants) priority to be allocated Shortfall Shares up to a specified amount, but also ensures that Eligible Shareholders who subscribe for their entitlement in full and wish to subscribe for Shortfall Shares, an allocation which is reflective of their existing shareholding in the Company. Further details of the Shortfall allocation policy is described in Section 2.8.	Section 2.8
Is the Entitlement Offer underwritten?	The Entitlement Offer is not underwritten.	Section 2.5
Director Participation	Chairman Mr Peter Hutchinson, Managing Director Mr James Clement and Executive Director Mr Sheldon Burt all intend to take up all of their Entitlement under the Entitlement Offer, subject to each their financial position prior to the Closing Date. In addition, subject to Shareholder approval to be sought at the General Meeting, Messrs Hutchinson, Clement and Burt all intend to apply for Shortfall Shares up to (in aggregate) \$1,050,000. Any Shortfall will be allocated to these Directors in accordance with the Shortfall allocation policy described in Section 2.8.	Section 3.2.
Shareholder Meeting	The Company intends to hold a general meeting of Shareholders on or around 29 June 2020 to seek Shareholder approval for Messrs James Clement, Peter Hutchinson and Sheldon Burt to participate in the Shortfall Offer.	Section 2.9.
Dividend Policy	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	Section 6.7

Topic	Summary	Further information
	of dividends or franking credits attaching to dividends can be given by the Company.	
How do I accept my Entitlement?	All Eligible Shareholders are entitled to participate in the Entitlement Offer. If you wish to accept all or part of your Entitlement, you can either: (i) complete your Entitlement and Acceptance Form that accompanies this Prospectus and send it to the Share Registry together with payment by cheque, bank draft or money order; or (ii) follow the instructions on the Entitlement and Acceptance Form to pay via BPAY® or EFT (in which case you do not need to complete the form).	Section 4
Can I sell or transfer my Entitlement under the Entitlement Offer?	No, as the Entitlement Offer is non-renounceable, you cannot sell or transfer any of your Entitlement. There will be no trading of Entitlements on ASX.	Section 4
Enquiries concerning Prospectus	Enquiries relating to this Prospectus should be directed to the Company at +61 8 9486 7244 or info@vysarn.com.au .	Section 2.21

2. Details of the Entitlement Offer

2.1 Entitlement Offer

The Entitlement Offer is a non-renounceable pro rata entitlement offer of 3 New Shares for 10 Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.045 per share to raise approximately \$4,018,386 million (before costs) (**Entitlement Offer**).

Under this Prospectus, Eligible Shareholders, being Shareholders on the Record Date with a registered address in Australia or New Zealand, are eligible to participate in the Entitlement Offer.

As at the date of this Prospectus, the Company has on issue:

Class	Number
Shares	297,658,246
Options	20,000,000
Performance Rights	10,000,000

Please refer to Section 3.1 for further details. The holders of existing options will not be entitled to participate in the Entitlement Offer without first exercising their options.

Where the determination of the Entitlement of any Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

All of the New Shares will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 6.7 for a summary of the rights attaching to New Shares.

2.2 Purpose of the Entitlement Offer and Funding Allocation

Completion of the Entitlement Offer (assuming Eligible Shareholders subscribe for their Entitlement in full) will result in an increase in cash of \$4,018,386 (before associated costs, assuming no options or performance rights are converted prior to the Record Date).

The Board and management are mindful that the global economic outlook is facing uncertainty due to the current COVID-19 pandemic which is impacting global capital markets. As such, the main purpose of the Entitlement Offer is to raise funds to strengthen the Company's balance sheet, with funds raised to provide optionality for the Company to either execute its organic and acquisitive growth strategies, pay down debt or to provide additional cash reserves. In addition, funds raised will also be used to partially fund the Company's acquisition of 2 additional drill rigs as announced by the Company on 27 May 2020.

The Company intends to apply the funds raised from the Entitlement Offer as follows:

Description	(\$)
Partially fund acquisition of 2 additional drill rigs as announced on 27 May 2020	1,000,000
Provide optionality for the Company to either execute growth strategies, pay down debt or to provide additional cash reserves	2,955,250
Cost of the Offer	63,136
Total	\$4,018,386

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

2.3 No rights trading

The rights to New Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for New Shares under the Entitlement Offer to any other party. If you do not take up your Entitlement to New Shares under the Entitlement Offer by the Entitlement Offer Closing Date, your Entitlement will lapse.

2.4 Minimum Subscription

There is no minimum subscription for the Entitlement Offer.

2.5 Underwriting

The Entitlement Offer is not underwritten.

2.6 Opening and Closing Dates

The Company will accept Entitlement and Acceptance Forms in respect of the Entitlement Offer from Applicants from the Opening Date until 5.00pm (WST) on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

Please note that payments made by BPAY® or EFT must be received no later than 5.00pm (WST) on the Closing Date. It is the responsibility of all Applicants to

ensure that their BPAY® or EFT payments are received by the Company on or before the Closing Date.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date of the Entitlement Offer without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

2.7 Shortfall Offer

Any New Shares that are not applied for under the Entitlement Offer will form the Shortfall Shares. The offer to issue Shortfall Shares is a separate offer under this Prospectus (**Shortfall Offer**).

Under this Prospectus, the Company offers to issue the Shortfall Shares to Eligible Shareholders at the same price of \$0.045 per New Share as that offered under the Entitlement Offer. The Shortfall Shares will have the same rights as the New Shares as detailed in Section 6.7.

Eligible Shareholders may apply for Shortfall Shares in accordance with the instructions detailed in Section 4.

An Application for Shortfall Shares accompanied by payment of Application Monies does not guarantee the allotment of any Shortfall Shares. The Shortfall Shares will be allocated to Eligible Shareholders following the Closing Date and these Shortfall Shares will be issued in accordance with the Shortfall allocation policy detailed in Section 2.8. The Shortfall Shares will be allocated and issued within three months after the Closing Date.

In relation to the Shortfall Offer, the Company reserves the right to issue to an Applicant a lesser number of Shortfall Shares than the number applied for, reject an Application or not proceed with the issuing of the Shortfall Shares or part thereof. If the number of Shortfall Shares issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

2.8 Shortfall Allocation Policy

To align the interests of senior management with that of Shareholders, the Board has devised a Shortfall allocation policy that will give certain senior management of the Company (which, subject to Shareholder approval includes Managing Director Mr James Clement and Executive Director Mr Sheldon Burt) (**Management Shortfall Applicants**) priority to be allocated Shortfall Shares up to a specified amount, but also ensures that Eligible Shareholders who subscribe for their entitlement in full and wish to subscribe for Shortfall Shares, an allocation which is reflective of their existing shareholding in the Company.

If there is a Shortfall under the Entitlement Offer, the Company will allocate Shortfall Shares according to the following priority:

- (a) the Management Shortfall Applicants will have priority to subscribe for 18.75% of the Shortfall, up to a maximum of 5 million Shortfall Shares (being a subscription amount of \$225,000);
- (b) the remaining Shortfall (being 81.25% of the Shortfall or the entire Shortfall less 5 million Shortfall Shares already allocated under limb (a)) will be allocated to all Eligible Shareholders (excluding the Management

Shortfall Applicants) who have applied for Shortfall Shares, with each Eligible Shareholder being allocated the lesser of:

- (i) the number of Shortfall Shares they have applied for; and
 - (ii) the number of Shortfall Shares calculated by multiplying the number of Entitlement Offer Shares the Eligible Shareholder is entitled to and has subscribed for, divided by the total number of Shares taken up by Eligible Shareholders under the Entitlement Offer, multiplied by the available Shortfall;
- (c) if following the allocation in paragraphs (a) and (b) there remains unallocated Shortfall Shares, the Management Shortfall Applicants will have priority to subscribe for 18.75% of the remaining Shortfall, after which the balance will be allocated to Eligible Shareholders in accordance with the policy set out paragraph (b). The Directors will apply this allocation process until there are either no unallocated Shortfall Shares or all Eligible Shareholders who have applied for Shortfall Shares have been allocated the full amount they have applied for.

The allocation of Shortfall Shares will be done in a manner to ensure that:

- (a) none of Messrs Hutchinson, Clement and Burt will be allocated Shortfall Shares in excess of what is approved by Shareholders at the General Meeting; and
- (b) no person will have a relevant interest of more than 19.99% of all Shares in the Company following completion of the Entitlement Offer (including the issue of Shortfall Shares).

2.9 Shareholder Meeting

The Company intends to hold a general meeting of Shareholders on 29 June 2020 to seek approval for Messrs Peter Hutchinson, James Clement and Sheldon Burt to participate in the Shortfall Offer (**General Meeting**). Any participation by these Directors in the Shortfall Offer will be subject to the allocation policy detailed in Section 2.8. A notice of meeting will be despatched to Shareholders on or around 29 May 2020 (**Notice of Meeting**).

2.10 Risks of the Entitlement Offer

As with any securities investment, there are risks associated with investing in the Company. Having regard to the risks applicable to the Company and its business detailed in Section 5, Eligible Shareholders should be aware that an investment in the New Shares offered under this Prospectus should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 5), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

2.11 Application Forms and BPAY® or EFT Payments

A personalised Entitlement and Acceptance Form will be issued to the Eligible Shareholders together with a copy of this Prospectus. The Entitlement and Acceptance Form will enable Eligible Shareholders who take up their Entitlement in full to apply for Shortfall Shares which may be available under the Shortfall Offer.

Acceptance of a completed Application Form, or alternatively, a BPAY® or EFT payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares (including any Shortfall Shares) accepted by the Company. The Application Forms do not need to be signed to be a binding acceptance of Shares. In the event an Eligible Shareholder who applies for Shortfall Shares is not allocated any Shortfall Shares or is allocated less than the amount applied for, the excess Application Monies will be refunded to the Applicant.

Full details on how to apply for New Shares under the Entitlement Offer and Shortfall Offer are provided in Section 4.

If an Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form is final.

2.12 Issue and Dispatch

All New Shares under the Entitlement Offer are expected to be issued on or before the dates specified in the Indicative Timetable.

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

It is intended that the Shortfall Shares will be issued on the same day as New Shares under the Entitlement Offer, and at the latest they will be issued within three months after the Closing Date.

2.13 Application Monies held on trust

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Shares are issued. All Application Monies will be returned (without interest) if the New Shares are not issued.

2.14 ASX quotation

Application will be made to ASX no later than seven days after the date of this Prospectus for Official Quotation of the New Shares offered under this Prospectus. If ASX does not grant Official Quotation of the New Shares within three months after the date of this Prospectus (or such period as the ASX allows), no New Shares will be issued or allotted under the Entitlement Offer and the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares.

2.15 **Withdrawal**

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

2.16 **CHESS**

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

2.17 **Ineligible Shareholders**

The Entitlement Offer is not being extended to Shareholders whose registered address is outside Australia or New Zealand (**Ineligible Shareholders**). The Company is of the view that it is unreasonable to make the Entitlement Offer to Shareholders outside of Australia or New Zealand, having regard to:

- (a) the number of those Shareholders;
- (b) the number and value of Shares to be offered to those persons; and
- (c) the cost of complying with overseas legal requirements.

This Prospectus and accompanying Application Forms do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make the Entitlement Offer.

The Company is not required to make offers under this Prospectus to Shareholders other than in Australia or New Zealand. Where this Prospectus has been dispatched to Shareholders domiciled outside Australia or New Zealand and where this country's securities code or legislation prohibits or restricts in any way the making of the Entitlement Offer and Shortfall Offer, this Prospectus is provided for information purposes only.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

2.18 Taxation Implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. Applicants should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

2.19 Major Activities and Financial Information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2019 is contained in the Annual Report which is available on the Company's website at: <https://vysarn.com.au/reports-and-presentations/>.

A summary of the major activities and financial information relating to the Company for the half year ended 31 December 2019 is contained in the Half Yearly Report which is available on the Company's website at: <https://vysarn.com.au/reports-and-presentations/>.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report for the year ended 30 June 2019 with ASX on 31 October 2019 are detailed in Section 6.

Copies of these documents are available free of charge from the Company or the Company's website: <https://vysarn.com.au/reports-and-presentations/>. Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Entitlement Offer.

2.20 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

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 disclosure 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 ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

2.21 Enquiries concerning Prospectus

Any questions in relation to this Prospectus should be directed to the Company Secretary by telephone on +61 8 9486 7244 or info@vysarn.com.au.

3. Effect of the Entitlement Offer

3.1 Capital structure on completion of the Entitlement Offer

If Eligible Shareholders take up their Entitlement in full under the Entitlement Offer, the Company's capital structure will be as follows:

	Number of Shares	Number of Options	Number of Performance Rights
Securities	297,658,246 ¹	20,000,000 ²	10,000,000 ³
Entitlement Offer	89,297,474	Nil	Nil
TOTAL	386,955,720	20,000,000	10,000,000

Note:

1. Comprised of:
 - a. 265,858,246 quoted fully paid ordinary shares; and
 - b. 31,800,000 fully paid ordinary shares classified by ASX as restricted securities and to be held in escrow until 11 September 2021, being 24 months from the date of reinstatement of trading in Vysarn's securities.
2. Comprised of:
 - a. 5,000,000 unquoted options exercisable at \$0.075 each on or before 31 January 2023 which will vest if the Company's 30 business days VWAP reaches \$0.085.
 - b. 5,000,000 unquoted options exercisable at \$0.075 each on or before 31 January 2023 which will vest if the Company's 30 business days VWAP reaches \$0.10.
 - c. 10,000,000 unquoted options exercisable at \$0.054 each on or before 28 August 2024 to be held in escrow until 11 September 2021, being 24 months from the date of reinstatement of trading in Vysarn's securities.
 - d. The terms of these options provide for the exercise price of the options to be reduced in the event the Company undertakes an entitlement offer. On completion of the Entitlement Offer, the new exercise price of these options will be calculated in accordance with the formula below:

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

O = current exercise price of \$0.054
E = the number of shares each option is exercisable into, being 1
P = 5 day VWAP of Shares on the 5 trading days ending on the ex rights date for the Entitlement Offer
S = the issue price under the Entitlement Offer of \$0.045
D = the dividend due but not yet paid
N = the number of Shares which must be held to receive one New Share under the Entitlement Offer, being 3.33
3. Comprised of:
 - a. 5,000,000 performance rights; and
 - b. 5,000,000 performance rights to be held in escrow until 11 September 2021, being 24 months from the date of reinstatement of trading in Vysarn's securities.

3.2 Director Commitments to take up Entitlements and Participate in Shortfall

As at the date of the Prospectus and subject to their financial position prior to the Closing Date, Chairman Mr Peter Hutchinson, Managing Director Mr James Clement and Executive Director Mr Sheldon Burt all intend to subscribe for their Entitlement in full.

The following table sets out the number of Shares held (or controlled) by each of Messrs Hutchinson, Clement and Burt as at the date of this Prospectus and the number of New Shares they are entitled to under the Entitlement Offer (and which they have indicated they intend to take up in full):

Director	Shares held	Entitlement	Entitlement subscription amount
Mr Peter Hutchinson	38,665,963	11,599,789	\$521,991
Mr James Clement	3,000,000	900,000	\$40,500
Mr Sheldon Burt	3,850,926	1,155,278	\$51,988

In addition, subject to Shareholder approval to be sought at the General Meeting, these Directors intend to apply for any Shortfall Shares which may be available under the Shortfall Offer to the following extent: Mr Hutchinson, up to \$500,000 (11,111,111 Shares), Mr Clement, up to \$500,000 (11,111,111 Shares) and Mr Burt, up to \$50,000 (1,111,111 Shares). The allocation of any Shortfall Shares will be in accordance with the allocation policy detailed in Section 2.8.

3.3 Control Implications

The Company has not appointed a nominee in respect of the Entitlements of Foreign Shareholders pursuant to section 615 of the Corporations Act. Accordingly, the exemption to the 20% takeovers threshold under item 10 of section 611 of the Corporations Act is not available to Shareholders taking up their Entitlement under the Entitlement Offer.

No New Shares will be issued to any Shareholder or Applicant pursuant to this Prospectus if, in the view of the Directors, to do so would increase that Shareholder's or Applicant's Voting Power in the Company above 20% or otherwise result in a breach of the Listing Rules, the Corporations Act or any other applicable law.

The Offers are not expected to give rise to control implications for the Company albeit that the effect of the Offers on the Voting Power in the Company, for the purposes of the Corporations Act, is dependent upon the number of New Shares taken up.

3.4 Pro-forma Statement of Financial Position

Set out on the following pages are the Company's Consolidated Statement of Financial Position as at 31 December 2019 (reviewed) and Pro-forma Consolidated Financial Statement of Financial Position as at this date assuming completion of the Entitlement Offer (unaudited) (**Statements**).

The Statements are presented in abbreviated form insofar as they do not include all the disclosures that are present in annual financial reports as required by Australian Accounting Standards. The significant accounting

policies that underpin the Statements are the same policies as those outlined in the Company's Half Year Report for the half year ended 31 December 2019.

The Consolidated Pro-Forma Statement of Financial Position as at 31 December 2019 (unaudited) has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 31 December 2019 and the completion of the Entitlement Offer except for:

- (a) at full subscription of the Entitlement Offer, the issue of 89,297,474 New Shares at \$0.045 each (subject to rounding and assuming that no options or performance rights are exercised before the Record Date) to raise up to \$4,018,386 (before associated costs estimated to be \$63,136 (refer pro forma adjustment 1); and
- (b) the acquisition of 2 additional drill rigs for \$2.1 million (with \$500,000 payable on completion and the balance of \$1.6 million vendor financed over a 24 month period), as announced on 27 May 2020 (see pro-forma adjustment 2).

The accounting policies adopted in the preparation of the pro forma balance are consistent with the accounting policies adopted and described in the Company's Half Year Report for the half year ended 31 December 2019 and should be read in conjunction with that financial report.

No allowance has been made for expenditure incurred in the normal course of business from the date of this Prospectus to the Closing Date.

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 31-Dec-19 \$	Pro-Forma Adjustment 1 \$	Pro-Forma Adjustment 2 \$	Unaudited Pro-Forma 31-Dec-19 \$
Assets				
Cash	4,324,910	3,955,250	(500,000)	7,780,160
Trade & other receivables	1,339,189			1,339,189
Inventory	2,257,325			2,257,325
Contract fulfilment costs	294,105			294,105
Other current assets	269,910			269,910
Assets classified as held for sale	152,728			152,728
Total current assets	8,638,167	3,955,250	(500,000)	12,093,417
Property, plant & equipment	22,455,686		2,100,000	24,555,686
Total non-current assets	22,455,686	-	2,100,000	24,555,686
Total assets	31,093,853	3,955,250	1,600,000	36,649,103
Liabilities				
Trade & other payables	1,272,559			1,272,559
Contract liabilities	246,074			246,074
Borrowings	1,217,866			1,217,866
Total current liabilities	2,736,499	-	-	2,736,499
Borrowings	6,964,669		1,600,000	8,564,669
Provisions	7,006			7,006
Deferred tax liability	2,653,323			2,653,323
Total non-current liabilities	9,624,998	-	1,600,000	11,224,998
Total liabilities	12,361,497	-	1,600,000	13,961,497
Net assets	18,732,356	3,955,250	-	22,687,606
Equity				
Share capital	38,170,294	3,955,250		42,125,544
Reserves	241,000			241,000
Retained earnings	(19,678,938)			(19,678,938)
Total equity	18,732,356	3,955,250	-	22,687,606

4. Action required by Entitlement Offer and Shortfall Offer Applicants

4.1 Eligible Shareholders

Your entitlement to participate in the Entitlement Offer will be determined on the Record Date. The number of New Shares which Eligible Shareholders are entitled to is shown on your personalised Entitlement and Acceptance Form accompanying this Prospectus.

If you do not accept your Entitlement, then your percentage holding in the Company will be diluted.

If you are an Eligible Shareholder you may either:

- take up all of your Entitlement (see Section 4.2);
- take up all of your Entitlement and apply for New Shares in excess of your Entitlement pursuant to the Shortfall Offer (see Section 4.3);
- take up part of your Entitlement and allow the balance to lapse (see Section 4.4); or
- decline to take up any of your Entitlement and allow it to lapse (see Section 4.5).

4.2 Acceptance of ALL of your Entitlement under the Entitlement Offer

If you wish to accept all of your Entitlement, you have two options. You can either:

- (a) complete the Entitlement and Acceptance Form in accordance with the instructions in this Prospectus and on the Entitlement and Acceptance Form, and return the completed form together with the Application Monies in the form of a cheque, bank draft or money order to the Share Registry so that it is received at the address set out in Section 4.7 by no later than 5.00pm (WST) on the Closing Date of 23 June 2020; or
- (b) make a payment of the number of New Shares you are entitled to (as shown on your personalised Entitlement and Acceptance Form) multiplied by the issue price of \$0.045 per New Share by BPAY® or EFT in accordance with the instructions on the Entitlement and Acceptance Form so that funds are received by no later than 5.00pm (WST) on the Closing Date of 23 June 2020.

Further details regarding these payment methods are set out in Section 4.7 below.

4.3 Acceptance of ALL of your Entitlement and applying for Shortfall Shares

If you wish to accept all of your Entitlement and apply for New Shares in excess of your Entitlement by applying for Shortfall Shares, you have two options. You can either:

- (a) complete the Entitlement and Acceptance Form in accordance with the instructions in this Prospectus and on the Entitlement and Acceptance Form (including the instructions for applying for Shortfall Shares), and return the completed form together with the Application Monies (in full in respect of both your Entitlement and application for Shortfall Shares) in the form of a cheque, bank draft or money order to the Share Registry so that it is received at the address set out in Section 4.7 by no later than 5.00pm (WST) on the Closing Date of 23 June 2020; or
- (b) make a payment of the number of New Shares you are entitled to plus the number of Shortfall Shares you wish to apply for, multiplied by the issue price of \$0.045 per New Share by BPAY® or EFT in accordance with the instructions on the Entitlement and Acceptance Form so that funds are received by no later than 5.00pm (WST) on the Closing Date of 23 June 2020.

Further details regarding these payment methods are set out in Section 4.7 below.

There is no limit to the amount of New Shares you may subscribe for under the Shortfall Offer. However, please note that the Shortfall Shares will be allocated in accordance with the policy set out in Section 2.8, and there is a chance you will be allocated less than the number of Shortfall Shares you have applied for (or none at all). Please read the instructions on the Entitlement and Acceptance Form carefully.

In the event you are allocated less Shortfall Shares than the number you have applied for, the excess Application Monies will be refunded to you (without interest).

4.4 Acceptance of PART of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement and allow the balance to lapse, you have two options. You can either:

- (a) complete the Entitlement and Acceptance Form in accordance with the instructions in this Prospectus and on the Entitlement and Acceptance Form, and return the completed form together with the Application Monies in the form of a cheque, bank draft or money order to the Share Registry so that it is received at the address set out in Section 4.7 by no later than 5.00pm (WST) on the Closing Date of 23 June 2020; or
- (b) make a payment of the number of New Shares of your Entitlement you wish to take up multiplied by the issue price of \$0.045 per New Share by BPAY® or EFT in accordance with the instructions on the

Entitlement and Acceptance Form so that funds are received by no later than 5.00pm (WST) on the Closing Date of 23 June 2020.

Further details regarding these payment methods are set out in Section 4.7 below.

If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

4.5 Entitlement not taken up

If you do not wish to accept any of your Entitlement under the Entitlement Offer, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement under the Entitlement Offer will become Shortfall Shares.

The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

4.6 Ineligible Shareholders - Foreign Shareholders

If you are an Ineligible Shareholder, you may not accept any of, or do anything in relation to, your Entitlement. Refer to Section 2.17 for treatment of Ineligible Shareholders.

4.7 Payment

The offer price of New Shares under the Entitlement Offer or Shortfall Offer is \$0.045 per New Share.

For Eligible Shareholders participating in the Entitlement Offer, Application Monies must be received by the Company by 5.00pm (WST) on the Closing Date.

As noted above, you may either pay by cheque, bank draft or money order, or by BPAY® or EFT.

- (a) **Paying by cheque, bank draft or money order:** if you are paying by this option, your completed Application Form together with your cheque, bank draft or money order which must be drawn in Australian dollars, made payable to 'Vysarn Limited' and crossed 'Not Negotiable' must be received by the Share Registry at the following address by no later than 5.00pm (WST) on the Closing Date of 23 June 2020:

Vysarn Limited
C/- Automic Registry Services
GPO Box 5193
SYDNEY NSW 2001

- (b) **Paying by BPAY® or EFT:** if you are paying by BPAY® or EFT, you must follow the instructions on the Entitlement and Acceptance Form. You will be deemed to have accepted all or part of your Entitlement and subscribed for Shortfall Shares (as applicable) upon receipt of the BPAY® or EFT payment by the Company.

If paying via BPAY® or EFT, Eligible Shareholders should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and it is the responsibility of Eligible Shareholders to ensure that funds are submitted through BPAY® or EFT by no later than 5.00pm (WST) on the Closing Date of 23 June 2020. If you elect to pay via BPAY® or EFT, you must follow the instructions for BPAY® or EFT detailed in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

The Company shall not be responsible for any postal or delivery delays, or delay in the receipt of the BPAY® or EFT payment.

4.8 Representations by Applicants

By completing and returning an Application Form or paying any Application Monies by BPAY® or EFT, in addition to the representations set out elsewhere in this Prospectus and the Application Form, you:

- (a) if participating in the Entitlement Offer, represent to the Company that you are an Eligible Shareholder;
- (b) acknowledge that you have received a copy of this Prospectus and an accompanying Application Form, and read them both in their entirety;
- (c) agree to be bound by the terms of the Entitlement Offer and Shortfall Offer, the provisions of this Prospectus and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (e) declare that all details and statements in the Application Form are complete and accurate;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (g) acknowledge that once the Application Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law;
- (h) agree to accept and be issued up to the number of New Shares specified in the Application Form or paid for by BPAY® or EFT at the issue price of \$0.045 per New Share;
- (i) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (j) if participating in the Entitlement Offer, declare that you were the registered holder at 5.00pm (WST) on the Record Date of the Shares

indicated on your personalised Entitlement and Acceptance Form as being held by you at 5.00pm (WST) on the Record Date;

- (k) acknowledge the statement of risks in Section 5 and that an investment in the Company is subject to risk; and
- (l) represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the Application Form, nor does it prohibit you from accepting New Shares and that if you participate in the Entitlement Offer, that you are eligible to do so.

4.9 Brokerage

No brokerage or stamp duty is payable by Eligible Shareholders who accept their Entitlement.

4.10 Enquiries concerning your Entitlement

If you have any questions in relation to your Entitlement under the Entitlement Offer, please contact the Company Secretary by telephone +61 8 9486 7244 or info@vysarn.com.au.

5. Risks

The New Shares offered under this Prospectus are considered highly speculative. The proposed future activities of the Company are subject to a number of risks and other factors that may affect 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 Directors and management of the Company and cannot be mitigated.

The risks described in this Section 5 are not an exhaustive list of the risks faced by the Company or by investors in the Company. It should be considered in conjunction with other information in this Prospectus. The risks described in, and others not specifically referred to, in this Section 5 may in the future materially affect the financial performance and position of the Company and the value of New Shares offered under this Prospectus. The New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those securities. The risks described in this Section 5 also necessarily include forward looking statements. Actual events may be materially different to those described and may therefore affect the Company in a different way.

Investors should be aware that the performance of the Company may be affected and the value of its Shares may rise or fall over any given period. None of the Directors or any person associated with the Company guarantees the Company's performance, the performance of the Shares or the market price at which the Shares will trade. The Directors strongly recommend that potential investors consider the risks detailed in this Section 5, together with information contained elsewhere in this Prospectus, and consult their professional advisers, before they decide whether to apply for New Shares.

5.1 Risks specific to the Company and the Entitlement Offer

The current and future operations of the Company may be affected by a range of factors, including:

(a) **COVID-19 Risk**

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic which is impacting global capital markets.

As noted in the Company's 18 May 2020 ASX announcement, the Company hasn't been immune to the economic disruption caused by the pandemic. However, management has to date been able to successfully navigate the restrictions imposed by the state and federal governments particularly on the movements of staff to remote locations. As such, the Company been able to navigate any COVID-19 associated downturn in revenue or cost increases to date. However, as the situation with respect to COVID-19 continues to develop (and the economy and the government's response to the pandemic evolves), there can be no assurance that the Company will be able to continue to mitigate any adverse effects of COVID-19 on the business.

Further, the Company is ultimately exposed to the Australian resources sector. A downturn in the resources sector (as a result of COVID-19 and/or other factors) could lead to reduced demand for the Company's services, which could have an adverse effect on the operating and financial performance of the Company. A prolonged economic contraction as a result of COVID-19 and/or other factors could impact on the Company's ability to continue to meet its ongoing financial obligations (including debt).

(b) **Contractual Risk**

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.

(c) **Recently Established Business**

The Company relisted on ASX following completion of the Acquisition in September 2019. As detailed in the Company's announcements, the Company has established itself as a fully operational business with 8 of its 10 rigs under contract, but remains a relatively new entrant into the market.

The Company's ability to continue to generate revenue will depend on the Company being able to retain its existing clients as well as attract new business. There is no guarantee that the Company will be successful in attracting and retaining clients. 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

(d) **Demand Risk**

The Company's business depends on, among other things, the level of activity in the industries it services, 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.

In addition, the Company is currently pushing to complete robust safety management systems and ISO accreditations in safety, quality, and environment which it considers will provide opportunities for Pentium to qualify as preferred contractors for Tier 1 clients and therefore provide expanded opportunities for future deployment of its fleet. There is no guarantee that the Company will be able to obtain such accreditations, or that such accreditations will qualify Pentium as preferred contractors for clients, which in turn could have an adverse effect on the performance of the Company.

(e) **Future Capital Requirements**

The Company's growth through its borefield construction business and water management services solutions will require substantial expenditure. 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 Entitlement Offer should be adequate to fund its business development activities and other Company objectives in the short term, there can be no guarantees that it will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. 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.

(f) **Climate Risk**

The Company is 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.

(g) **Operational Risks and Asset Conditions and Maintenance**

The Company's business depends significantly on its assets, and the ability of the assets to perform the services to be offered by the Company. The Company has put in place adequate procedures to ensure the assets are properly maintained and in good working condition including through regular maintenance. The Company has also implemented a maintenance strategy underpinned by both preventative and planned measures. However, there is the risk that 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, as announced by the Company on 27 May 2020, Pentium has entered into an agreement to acquire 2 Dual Rotary rigs. Pentium will take ownership of the rigs and have responsibility for transporting the rigs to Western Australia. There is a risk that the rigs could be damaged or lost during transit. Further, whilst Pentium's personnel have inspected the rigs and are satisfied of their condition, there remains a risk that the rigs could be faulty, break down or not perform to the levels expected by the Company, which could have an adverse effect on the Company's growth strategy and 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 takes 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.

(h) **Business Strategy Risk**

The Company's growth and financial performance is dependent on its ability to successfully execute its growth strategy, including through the acquisition of complementary or synergistic assets or businesses. There can be no assurance that the Company will be able to secure such assets or businesses nor achieve the level of growth the Company's strategy aims to achieve. If the Company fails to execute on its business strategy, its business, financial condition and results of operations could be adversely affected.

(i) **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.

(j) **Environmental**

Environmental management and compliance is an important part of the hydrogeological drilling business. The Company is exposed to numerous laws, regulations and guidelines relating to the protection of the environment. The Company has 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) **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 ensures 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.

(l) **Reliance on Key Personnel**

The Company is 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 is reliant on its ability to attract and retain appropriately skilled staff to be able to operate its 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.

(m) **Competition**

The Company is subject to competition from other operators in the resources, construction and infrastructure drilling services industries internationally and domestically. As a recently established business, the Company faces competitors who may have a more established foothold in the industry. The Company considers that it is well placed to compete for tenders, however its success against competitors 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.

(n) **Insurance**

The Company insures 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 has 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.

(o) **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 ensures 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.

(p) **Resources Industry and Commodity Pricing Risk**

The resources 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.

(q) **Dilution Risk**

The Company currently has 297,658,246 Shares on issue. On completion of the Entitlement Offer, the Company will issue New Shares as detailed in this Prospectus. Shareholders who do not take up their entitlement in full may be diluted by the issue of New Shares under the Offers. 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.

5.2 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.

5.3 Investment Highly Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Prospectus. Therefore, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for New Shares pursuant to this Prospectus.

6. Additional information

6.1 Continuous Disclosure Obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's Securities. The New Shares are in the same class as Shares that have been quoted on the official list of the ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or operation to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, the financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the closing date of the Entitlement Offer:
- (i) the annual financial report of the Company for the financial year ended 30 June 2019 being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
 - (ii) the half year financial report of the Company for the six months ended 31 December 2019 lodged with ASIC after the lodgement of the annual financial report mentioned in paragraph (i) and before the issue of this Prospectus; and
 - (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of its annual report on 31 October 2019:

Date	Announcement
31/10/2019	Appendix 4G
01/11/2019	Vysarn secures contract with Roy Hill Iron Ore Pty Ltd
12/11/2019	Gain on Bargain Purchase AASB3 Business Combinations
22/11/2019	Completion of Less Than Marketable Parcel Share Sale
28/11/2019	Pentium provides drilling services to Fortescue Metals Group
28/11/2019	James Clement Appointed as CEO and MD
28/11/2019	Annual General Meeting Presentation
28/11/2019	Results of Meeting
03/12/2019	Change of Director's Interest Notice
30/12/2019	Notice of General Meeting/Proxy Form
08/01/2020	Vysarn to mobilise second rig under General Works Contract
16/01/2020	Pentium secures contract with Iluka Resources Limited
30/01/2020	Results of Meeting
31/01/2020	Appendix 3B
04/02/2020	Initial Director's Interest Notice
28/02/2020	Appendix 4D and Half Year Financial Report
28/02/2020	Vysarn Half Year Results Presentation
10/03/2020	Rig Utilisation and Company Update
13/03/2020	Change of Director's Interest Notice

Date	Announcement
20/03/2020	Extension of Hire Agreement with Easternwell
31/03/2020	Coronavirus (COVID-19) update
31/03/2020	Purchase Order triggers Utilisation of 8th Rig
07/04/2020	Change of Director's Interest Notice
18/05/2020	Operational update and equity raise
18/05/2020	Proposed issue of Securities - VYS
27/05/2020	Vysarn enters into Asset Sale Agreement

6.2 Directors' interests in Securities

As at the date of this Prospectus, the relevant interests of the Directors and their related entities in securities in the Company, are detailed in the table below.

Director	Shares	Options	Performance Rights
Mr Peter Hutchinson	38,665,963	10,000,000	Nil
Mr James Clement	3,000,000	10,000,000	5,000,000
Mr Sheldon Burt	3,850,926	Nil	5,000,000
Mr Chris Brophy	2,925,000	Nil	Nil

6.3 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 Entitlement Offer; or
- (c) the Entitlement Offer;

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:

- (a) any Director to induce him or her to become, or to qualify as, a Director; or
- (b) any Director 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 Entitlement Offer.

6.4 Directors' Remuneration

The total remuneration (including superannuation) of existing Directors for the past two financial years (30 June year-end) are as follows:

Director	Title	Financial Year to 30 June 2018 \$	Financial Year to 30 June 2019 \$
Mr Peter Hutchinson ¹	Non-Executive Chairman	Nil	Nil
Mr James Clement ²	Managing Director and CEO	N/A	N/A
Mr Sheldon Burt ³	Executive Director	N/A	\$21,000
Mr Chris Brophy ⁴	Non-Executive Director	N/A	\$21,000
TOTAL		Nil	\$42,000

Note:

1. Mr Hutchinson was appointed Executive Chairman of the Company in October 2017 at which time the Company was dormant and suspended from trading on ASX. As detailed in the Company's relisting prospectus dated 11 July 2019 (**2019 Prospectus**), Mr Hutchinson agreed to not to receive any remuneration until the Company completed an acquisition to facilitate the reinstatement of the Company to trading on ASX. In September 2019, following completion of the Company's acquisition of drilling assets from Perenti Global Limited (formerly Ausdrill Limited) (**Acquisition**) and reinstatement to trading on ASX, the Company issued Mr Hutchinson 15.5 million Shares for past services rendered as Executive Chairman, as well as 10 million incentive options to incentivise him in respect of his ongoing role as Chairman and to align his interests with that of Shareholders.
2. Appointed 3 February 2020. Refer to the Company's 28 November 2019 ASX announcement for details of Mr Clement's remuneration package.
3. Appointed 15 May 2019. From April 2019 to September 2019 (when the Acquisition completed), the Company paid Mr Burt fees of \$7,000 per month for fees provided in connection with the Acquisition and as Directors fees. Following completion of the Acquisition, Mr Burt moved into an Executive Director role. Refer to the 2019 Prospectus for details of Mr Burt's remuneration package.
4. Appointed 15 May 2019. From April 2019 to September 2019 (when the Acquisition completed), the Company paid Mr Brophy fees of \$7,000 per month for fees provided in connection with the Acquisition and as Directors fees. Following completion of the Acquisition, Mr Brophy moved into an Executive Director role (refer to 2019 Prospectus for remuneration package details), but has since resigned as an Executive Director. Mr Brophy remains on the Board as a Non-Executive Director.

6.5 Interests of Other Persons

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) do not hold, have, and have not 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 Entitlement Offer; or
- (c) the Entitlement Offer,

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 a promoter or any 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), provided in connection with the formation or promotion of the Company or the Entitlement Offer, except as disclosed in this Prospectus and as follows:

- (d) Otsana Pty Ltd (**Otsana**) has assisted the Company to project manage the Entitlement Offer and Shortfall Offer. In respect of this work, the Company will pay Otsana \$10,000. During the two years before the date of this Prospectus, Otsana has provided the Company with Lead Manager and Corporate Advisory Services and was paid approximately \$683,000 for these services;
- (e) DLA Piper has acted as the Australian lawyers to the Company for the Entitlement Offer and Shortfall Offer. In respect of this work the Company will pay DLA Piper approximately \$25,000. During the two years before the date of this Prospectus, DLA Piper has provided the Company with legal services and was paid approximately \$170,000 for these services; and
- (f) Automic Registry Services conducts the Company's share registry functions and will provide administrative services in respect to the proposed Share applications pursuant to this Prospectus. Automic Registry Services will be paid for these services on standard industry terms and conditions.

The amounts disclosed above are exclusive of GST.

6.6 Related Party Transactions

At the date of this Prospectus, no material transactions with related parties and Directors interests exist that the Directors are aware of, other than those disclosed in this Prospectus or in the Company's ASX announcements.

6.7 Rights attaching to New Shares

A summary of the rights attaching to Shares is set out below. The New Shares issued under this Prospectus will rank *pari passu* in all respects with existing Shares. This summary is qualified by the full terms of the Company's Constitution and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Company's Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to shares in any specific circumstances, the Shareholder should seek legal advice.

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 set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Directors may call a meeting of Shareholders whenever they think fit. Members may call a meeting as provided by the Corporations Act. All Shareholders are entitled to a notice of meeting. A quorum for a meeting of Shareholders is 2 eligible voters.

The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative (in the case of a company) to speak and to vote at general meetings of the Company.

(b) **Voting**

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder.

A poll may be demanded by the chairperson of the meeting, any 5 Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

(c) **Dividends**

The Directors may declare and authorise the distribution from the profits of the Company, dividends to be distributed to Shareholders according to their rights and interests. The Directors may before declaring any dividend set aside reserves out of the profits of the Company which at the Directors' discretion may be used in the business of the Company or be invested in such investments as the Directors think fit. Except to the extent that the terms of issue of shares provide otherwise, each dividend must be distributed according to the amount paid up on the Share in a manner calculated in accordance with the Constitution.

(d) **Winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator

considers fair on any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may settle any problem concerning the distributions of assets in any way, including, rounding amounts up or down to the nearest whole number, ignoring fractions, valuing assets for distribution, paying cash to any Shareholder on the basis of that valuation and vesting assets in a trustee on trust for the Shareholders entitled.

(e) **Transfer of shares**

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

(f) **Issue of further Shares**

The Directors may, subject to any restrictions imposed by the Constitution and the Corporations Act, allot, issue, grant options over, or otherwise dispose of, further Shares with or without preferential rights on such terms and conditions as they see fit.

(g) **Directors**

The business of the Company is to be managed by or under the direction of the Directors.

Directors are not required under the Constitution to hold any Shares.

Unless changed by the Company in general meeting, the minimum number of Directors is 3. The existing Directors may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director must retire at the next following general meeting of the Company (at which meeting he or she may be eligible for election as a Director).

The Constitution contains provisions relating to the rotation and election of directors. No Director other than the Managing Director may hold office later than the third annual general meeting after his or her appointment or election, without submitting himself or herself for re-election.

(h) **Offer of shares**

Subject to the requirements of the Corporations Act and if applicable, the Listing Rules, the issue of Shares by the Company is under the control of the Directors. Under the Constitution the Company is empowered, without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, to issue shares with preferred, deferred or other rights.

(i) **Variation of shares and rights attaching to shares**

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

(j) **Share buy-backs**

The Company may buy-back Shares in itself in accordance with the provisions of the Corporations Act.

(k) **Indemnity and insurance of officers**

Under the Constitution, the Company is obliged, to the extent permitted by law, to indemnify an officer (including Directors), auditor or agent of the Company against liabilities incurred by the officer, auditor or agent in that capacity, against costs and expenses incurred by the officer in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

To the extent permitted by law, the Company may also pay the premium on any insurance policy for any person who is or has been, an officer against a liability incurred by that person in his or her capacity as an officer of the Company, provided that the liability does not arise out of conduct involving a wilful breach of duty.

(l) **Changes to the constitution**

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

(m) **Listing Rules**

Provided the Company remains admitted to the Official List of the ASX, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Constitution will be deemed to comply with the Listing Rules, as amended from time to time.

(n) **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.

6.8 Market price of Shares

The highest and lowest market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.06 (28 February 2020, 3, 4 and 5 March 2020)

Lowest: \$0.039 (19, 25 and 27 March 2020)

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.051 per Share on 27 May 2020.

6.9 Costs of the Entitlement Offer

The costs of the Entitlement Offer payable by the Company (exclusive of GST) are as follows:

	(\$)
ASIC lodgement fee	\$3,206
ASX quotation fee	\$12,930
Legal expenses	\$25,000
Printing and other expenses	\$22,000
TOTAL	\$63,136

6.10 Litigation and Claims

So far as the Directors are aware, other than as disclosed by the Company to ASX, 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 is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

6.11 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 New Shares.

6.12 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, 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 this Prospectus can also be responsible for certain statements made in it.

Each of the following parties:

Name	Role
DLA Piper	Lawyers
Otsana Pty Ltd	Project Manager
Automic Registry Services	Share Registry

- (a) has given its consent to be named in this Prospectus as set out above and has not withdrawn its consent at the date of lodgement of this Prospectus with ASIC;
- (b) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Entitlement Offer;
- (c) has not made or purported to have made any statement in this Prospectus or statement on which a statement in this Prospectus is based, except as described in this Section; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for this Prospectus other than a reference to its name and any statement or report included in this Prospectus with the consent of that party as described in this Section.

None of the parties referred to in this Section 6.12 has authorised or caused the issue of this Prospectus or the making of the Entitlement Offer.

Each of the Directors has given their written consent to being 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.

6.13 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; and
- (b) the Constitution.

6.14 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

6.15 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the New Shares.

6.16 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 New 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 Forms. If you have not, please contact the Company and the Company will send to you, free of charge to you, 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.

7. Authorisation

This Prospectus is authorised by each of the Directors.

This Prospectus is signed for and on behalf of the Company, pursuant to a resolution of the Board, by:



Mr James Clement
Managing Director and CEO
28 May 2020

8. Glossary

In this Prospectus, unless the context otherwise requires:

\$ means Australian dollar.

Acquisition means the Company's acquisition of 10 drill rigs and associated equipment from Perenti Global Limited (formerly Ausdrill Limited) which completed in late August 2019.

Applicant means a person who submits an Entitlement and Acceptance Form to apply for, and be issued, New Shares under the Entitlement Offer.

Application means a valid application for New Shares under the Entitlement Offer made pursuant to an Entitlement and Acceptance Form or by such other means or document as permitted by the Company or a valid application for Shortfall Shares under the Shortfall Offer made pursuant to the Entitlement and Acceptance Form or by such other means or document as permitted by the Company (as applicable).

Application Form means an Entitlement and Acceptance Form.

Application Monies means application monies for New Shares received by the Company from an Applicant.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits, the securities exchange operated by it.

ASX Settlement Rules means ASX Settlement Operating Rules of the ASX.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, excluding public holidays in Western Australia and any other day that ASX declares is not a trading day.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means the date referred to as such in the Indicative Timetable.

Company or **Vysarn** means Vysarn Limited ACN 124 212 175.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

DLA Piper means DLA Piper Australia.

EFT means electronic funds transfer.

Eligible Shareholder means a person who:

- (a) is a Shareholder at 5.00pm (WST) on the Record Date; and
- (b) has a registered address recorded by the Share Registry as at the Record Date in Australia or New Zealand.

Entitlement means a Shareholder's entitlement to subscribe for New Shares under the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form attached to, or accompanying this Prospectus, that sets out the entitlement of an Eligible Shareholder to subscribe for New Shares pursuant to the Entitlement Offer.

Entitlement Offer has the meaning given to that term in Section 2.1.

General Meeting has the meaning given to that term in Section 2.9.

Half Year Report means the financial report lodged by the Company with ASIC in respect to the half year ended 31 December 2019 and includes the corporate directory, review of activities, Shareholder information, financial report of the Company and its controlled entities for the half year ended 31 December 2019, together with a Directors' report in relation to that financial period and the auditor's report for the period to 31 December 2019.

Indicative Timetable means the indicative timetable on page 6 of this Prospectus.

Ineligible Shareholder has the meaning given to that term in Section 2.17.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

Listing Rules means the official listing rules of ASX.

Management Shortfall Applicants has the meaning given to that term in Section 2.8.

New Share means a Share offered pursuant to this Prospectus.

Notice of Meeting has the meaning given to that term in Section 2.9.

Offers means both the Entitlement Offer and Shortfall Offer under this Prospectus.

Official Quotation means quotation of Shares on the official list of ASX.

Opening Date means the date referred to as such in the Indicative Timetable.

Pentium means Pentium Hydro Pty Ltd, the Company's wholly owned subsidiary.

Prospectus means this Prospectus dated 28 May 2020.

Record Date means the date referred to as such in the Indicative Timetable.

Section means a section of this Prospectus.

Securities means securities in the Company.

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

Share Registry means Automic Registry Services.

Shareholder means a registered holder of Shares.

Shareholder Meeting means the general meeting of Shareholders to approve the issue of Shortfall Shares to the Directors of the Company.

Shortfall means the New Shares not applied for under the Entitlement Offer before the Closing Date.

Shortfall Notification Date means the date referred to as such in the Indicative Timetable.

Shortfall Offer has the meaning given to that term in Section 2.7.

Shortfall Shares means the New Shares constituting the Shortfall.

Statements has the meaning given to that term in Section 3.4.

Voting Power has the meaning given to that term in section 610 of the Corporations Act.

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