

VYSARN LIMITED

VYSARN
LIMITED



QUARTERLY ACTIVITIES REPORT

31 July 2019

The Board of Vysarn Limited (ASX: VYS) (**Company**) is pleased to provide the following update and file the Quarterly Activities Report for the quarter ended 30 June 2019.

As announced to the ASX on 15 May 2019, Mr Sheldon Burt and Mr Chris Brophy were appointed as Directors during the quarter. These appointments follow the Company's announcement on 11 April 2019 that it had entered into an asset sale agreement to acquire various waterwell drilling assets from Ausdrill Northwest Pty Ltd (a wholly owned subsidiary of Ausdrill Limited (ASX:ASL)) (**Transaction**), which, subject to completion, will facilitate the reinstatement of the Company to the Official List of ASX.

On 4 June 2019 the Company released a Notice of Meeting to shareholders to convene a general meeting of the Company to consider the Transaction and ancillary matters. All resolutions were approved at the Company's General Meeting of Shareholders held on 5 July 2019.

Subsequent to the quarter the Company:

- entered into a conditional financing agreement with Westpac Banking Corporation Limited (**Westpac**) under which Westpac has agreed to provide a \$8.8m debt facility to assist the Company to fund the purchase price for the Ausdrill assets; and
- issued a prospectus dated 11 July 2019 (and a supplementary prospectus dated 26 July 2019) (together, the **Prospectus**) to conduct a public offer of shares to raise up to \$ 7 million (subject to a minimum subscription of \$5 million) in connection with the Transaction.

The Board has sought to preserve the Company's cash over the past ~2 years as it searched for acquisition opportunities to facilitate the reinstatement of the Company to the Official List of ASX. Now that the binding Asset Sale Agreement has been entered into, the Transaction approved by Shareholders, and the Prospectus released and public offer open, the Company is incurring the necessary expenditure to progress the Transaction, as can be seen by the cash flow and the forecasts for the next quarter in the accompanying Appendix 5B.

On 11 July 2019 the ASX granted the Company an extension to the deadline under which it would otherwise have been delisted under ASX's suspension for delisting long term suspended entities. The Company has until the commencement of trading on 11 October 2019 to complete the Transaction and reinstate to the Official List of ASX.

The Company continues to work closely with its advisors to progress the Transaction towards completion and reinstate the Company's securities on the ASX as soon as possible. Should shareholders have any questions regarding the Transaction please contact the Company's Chairman Peter Hutchinson at peter.hutchinson@vysarn.com.au

END

For more information contact:

Peter Hutchinson
Chairman
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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

VYSARN LIMITED

ABN

41 124 212 175

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) business development	(2)	(59)
(c) production	-	-
(d) staff costs	(197)	(228)
(e) administration and corporate costs	(57)	(147)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	40	179
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – costs associated with acquisition of Ausdrill Assets and reinstatement expenses	(168)	(168)
1.9 Net cash from / (used in) operating activities	(384)	(423)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) equity investments	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) equity investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(5)	(5)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(5)	(5)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,373	7,412
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(384)	(423)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5)	(5)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	
4.6	Cash and cash equivalents at end of period	6,984	6,984

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	404	409
5.2	Call deposits	6,580	6,964
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,984	7,373

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	174
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments to directors of the entity and their associates are detailed further in the Company Prospectus issued on 11 July 2019, refer to section 9.3.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	53
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Payments to related entities of the entity and their associates are detailed further in the Company Prospectus issued on 11 July 2019, refer to section 7.3.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

As announced to the ASX on 11 April 2019 the Company has entered into a binding agreement with Pentium Hydro Pty Ltd (**Pentium**) and Ausdrill Northwest Pty Ltd (a wholly owned subsidiary of Ausdrill Limited) (**Ausdrill**) (**Asset Sale Agreement**) to acquire various waterwell drilling assets (and associated inventory) (**Assets**) currently used by Ausdrill to conduct its hydrogeological drilling business known as 'Connector Drilling' for cash consideration of \$16 million (**Transaction**).

In connection with the Transaction, the Company intends to obtain debt funding and conduct a public offer capital raising to raise up to \$7m, subject to a minimum of \$5 million (**Public Offer**) to fund the purchase price for the Assets, provide working capital and re-comply with ASX's requirements for admission and re-quotations of the Company's shares to trading on the ASX with a portfolio of high quality drilling assets currently located in Western Australia.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Business Development	40
9.3 Production	-
9.4 Staff costs	53
9.5 Administration and corporate costs	69
9.6 Other – costs associated with acquisition of Ausdrill Assets and reinstatement expenses	385
9.7 Total estimated cash outflows	547

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


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(Company secretary)

Date: 31 July 2019

Print name: Kyla Garic

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.