



29 August 2018

## **Vysarn Limited - Shareholder Update**

Dear Shareholder

Late last year an entity (Molonglo Pty Ltd (**Molonglo**)) which I control, made a substantial investment in Vysarn Limited (**Company**) via an off-market transaction. A substantial shareholders notice was lodged with the ASX on 27 October 2017 to reflect this position and I was appointed as Chairman of the Board at the same time.

As a more recent investor in the Company and conscious of the illiquid nature of the Company's securities it was important to me, and the Board, that the Company's last remaining key asset being cash at bank be protected and managed appropriately. Accordingly, a plan was put in place to minimise cash burn.

As can be seen by the Company's most recent Appendix 5B lodged with the ASX on 26 July 2018, the Company held approximately \$7.4m cash as at 30 June 2018 representing a cash asset backing of over \$0.05 cents per share. Due to the low cost base of operations, the Appendix 5B also shows that interest received on the Company's term deposits covered corporate overheads for the June quarter. This has been achieved by completing a number of cost saving initiatives, including the following:

- change to the Company's share registry on more favourable terms;
- change to the Company's company secretarial services on more favourable terms;
- the Directors not receiving any Directors fees during the period; and
- reduction of other corporate costs including registered office costs, administration costs, audit costs and legal fees.

The Board is of the view that it has done everything possible to minimise the administrative costs of running the Company.

Additionally, the Company's corporate advisor Otsana Capital has assisted in the preparation of the Company's tax returns and submission of a Research & Development claim that resulted in an approximate \$400,000 refund to the Company. Fellow directors Faldi Ismail and Nicholas Young are principals of Otsana Capital.

In recent months the Board has turned its attention to trying to identify a value accretion and/or liquidity event for shareholders. As you are aware the Company's securities have been suspended from trading since 14 July 2016. Under the ASX's policy on long term suspended companies, should the Company not acquire a new undertaking, re-comply with Chapters 1 & 2 of the ASX Listing Rules and relist within 3 years of the date of initial suspension, the Company will be automatically delisted. This deadline does provide some urgency to the Board's thinking, however given the provisions of Chapters 1 & 2 effectively require the Company to re-apply for

admission to the Official List, the Board does not consider it paramount to find a suitable transaction for the Company prior to this date.

The Directors have actively considered many opportunities for the Company. This has primarily been done in-house and at little expense to the Company. Unfortunately, none of these opportunities have yet convinced your Board to progress negotiations beyond the due diligence phase. We will continue to assess various opportunities and remain confident of our ability to source, consider and transact an appropriate transaction for the Company in due course. There is a need however, to keep a tight lid on costs so as to preserve the Company's only asset. This is the balance that the board believes it is managing appropriately.

Nevertheless, we are conscious of the frustration of shareholders in the Board's endeavours to deliver growth and liquidity in the company's securities. As the Company's major shareholder I too share your disappointment but remain confident of our approach.

I would like to extend the Company's appreciation to Otsana Capital and its principals as the services they have provided to date, including the provision of two Board members have been most beneficial and at minimal cost to the Company.

Please feel welcome to contact me via email at [peter.hutchinson@vysarnlimited.com.au](mailto:peter.hutchinson@vysarnlimited.com.au) if you wish to discuss any of the above.

Yours sincerely



Peter Hutchinson  
**Chairman**