



VYSARN LIMITED
ACN 124 212 175

NOTICE OF GENERAL MEETING

**A General Meeting of the Company to be held at Pitcher Partners
Perth, Level 11 12-14 The Esplanade, Perth, Western Australia on
Friday, 5 July 2019 at 9:00am (WST)**

The Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9486 7244

NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of shareholders of Vysarn Limited (**Company**) will be held at Pitcher Partners Perth, Level 11 12-14 The Esplanade, Perth, Western Australia on Friday, 5 July 2019 at 9:00am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 3 July 2019 at 5:00pm (WST).

Terms and abbreviations used in the Notice and the Explanatory Memorandum will, unless the context requires otherwise, have the meaning given to them in Schedule 1.

AGENDA

1. Resolution 1 – Change to Nature and Scale of Activities

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from the Acquisitions on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 1 by or on behalf of a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder if Resolution 1 is passed, or an associate of that person (or those persons).

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Issue of the Pentium Vendor Shares – Connada Pty Ltd (Mr Sheldon Burt)

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the Pentium Acquisition and the issue of 3,900,000 Shares to Connada Pty Ltd (controlled by Mr Sheldon Burt) (and/or its nominees) as consideration for the Pentium Acquisition on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 2 by or on behalf of Mr Sheldon Burt and Connada Pty Ltd (and/or their nominees) or any of its associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 – Issue of the Pentium Vendor Shares – Insight Ecosys Pty Ltd (Mr Chris Brophy)

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the Pentium Acquisition and the issue of 3,900,000 Shares to Insight Ecosys Pty Ltd (controlled by Mr Chris Brophy) (and/or its nominees) as consideration for the Pentium Acquisition on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 3 by or on behalf of Insight Mr Chris Brophy and Ecosys Pty Ltd (and/or their nominees) or any of its associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 – Issue of Public Offer Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 129,629,630 Shares at an issue price of \$0.054 per Share to raise up to \$7,000,000 (before associated costs), on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in the proposed issue and any person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity as a Shareholder, or an associate of that person (or those persons).

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Approval of Related Party's Participation in Public Offer – Mr Peter Hutchinson

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise Mr Peter Hutchinson (and/or his nominees) to participate in the Public Offer to the extent of up to 20,129,630 Shares at an issue price of \$0.054 per Share for a subscription amount of up to \$1,087,000 on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 5 by or on behalf of Mr Peter Hutchinson (and/or his nominees) or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 – Approval of Related Party's Participation in Public Offer – Mr Faldi Ismail

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise Mr Faldi Ismail (and/or his nominees) to participate in the Public Offer to the extent of up to 5,175,926 Shares at an issue price of \$0.054 per Share for a subscription amount of up to \$279,500 on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 6 by or on behalf of Mr Faldi Ismail (and/or his nominees) or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 7 – Approval of Related Party's Participation in Public Offer – Mr Nicholas Young

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise Mr Nicholas Young (and/or his nominees) to participate in the Public Offer to the extent of up to 5,175,926 Shares at an issue price of \$0.054 per Share for a subscription amount of up to \$279,500 on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 7 by or on behalf of Mr Nicholas Young (and/or his nominees) or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 8 – Approval of Related Party's Participation in Public Offer – Mr Sheldon Burt

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise Mr Sheldon Burt (and/or his nominees) to participate in the Public Offer to the extent of up to 1,851,852 Shares at an issue price of \$0.054 per Share for a subscription amount of up to \$100,000 on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 8 by or on behalf of Mr Sheldon Burt (and/or his nominees) or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. Resolution 9 – Approval of Related Party's Participation in Public Offer – Mr Chris Brophy

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise Mr Chris Brophy (and/or his nominees) to participate in the Public Offer to the extent of up to 1,851,852 Shares at an issue price of \$0.054 per Share for a subscription amount of up to \$100,000 on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 9 by or on behalf of Mr Chris Brophy (and/or his nominees) or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. Resolution 10 – Issue of Shares or Cash Payment to Mr Peter Hutchinson

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve:

- (a) *the issue of up to 15,500,000 Shares; or*
- (b) *the payment of up to \$837,000 cash,*

or any combination of Shares and cash to Mr Peter Hutchinson (and/or his nominees), such that the maximum financial benefit provided does not exceed a value of \$837,000, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 10 by or on behalf of Mr Peter Hutchinson (and/or his nominees) or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

The Chairperson in relation to this Resolution 10 will not be Mr Peter Hutchinson.

11. Resolution 11 – Issue of Shares or Cash Payment to Mr Faldi Ismail

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve:

(a) *the issue of up to 4,250,000 Shares; or*

(b) *the payment of up to \$229,500 cash,*

or any combination of Shares and cash to Mr Faldi Ismail (and/or his nominees), such that the maximum financial benefit provided does not exceed a value of \$229,500, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 11 by or on behalf of Mr Faldi Ismail (and/or his nominees) or any of his associates.

However, the Company will not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

(a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or

(b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

12. Resolution 12 – Issue of Shares or Cash Payment to Mr Nicholas Young

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve:

(a) *the issue of up to 4,250,000 Shares; or*

(b) *the payment of up to \$229,500 cash,*

or any combination of Shares and cash to Mr Nicholas Young (and/or his nominees), such that the maximum financial benefit provided does not exceed a value of \$229,500, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 12 by or on behalf of Mr Nicholas Young (and/or his nominees) or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

13. Resolution 13 – Issue of Performance Rights to Mr Sheldon Burt

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with section 200E of the Corporations Act and Listing Rules 10.11 and for all other purposes, Shareholders approve the issue of up to 5,000,000 Performance Rights to Mr Sheldon Burt (and/or his nominees), on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 13 by or on behalf of Mr Sheldon Burt (and/or his nominees) or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

14. Resolution 14 – Issue of Performance Rights to Mr Chris Brophy

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with section 200E of the Corporations Act and Listing Rules 10.11 and for all other purposes, Shareholders approve the issue of up to 5,000,000 Performance Rights to Mr Chris Brophy (and/or his nominees), on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 14 by or on behalf of Mr Chris Brophy (and/or his nominees) or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or

- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

15. Resolution 15 – Issue of Options to Mr Peter Hutchinson

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rules 10.11 and for all other purposes, Shareholders approve the issue of up to 10,000,000 Options to Mr Peter Hutchinson (and/or his nominees), on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 15 by or on behalf of Mr Peter Hutchinson (and/or his nominees) or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

The Chairperson in relation to this Resolution 15 will not be Mr Peter Hutchinson.

16. Resolution 16 – Election of Director - Sheldon Burt

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with clause 15.3(b) of the Constitution and for all other purposes, Mr Sheldon Burt, Director, who was appointed as a casual vacancy on 15 May 2019, retires and being eligible pursuant to clause 15.3(b) of the Constitution, is elected as a Director on the terms and conditions in the Explanatory Memorandum."

17. Resolution 17 – Election of Director - Chris Brophy

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed or the inter-conditionality of the other Acquisition Resolutions being waived by the Board, pursuant to and in accordance with clause 15.3(b) of the Constitution and for all other purposes, Mr Chris Brophy, Director, who was appointed as a casual vacancy on 15 May 2019, retires and being eligible pursuant to clause 15.3(b) of the Constitution, is elected as a Director on the terms and conditions in the Explanatory Memorandum."

18. Resolution 18 – Adoption of New Constitution

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

"That pursuant to and in accordance with section 136 of the Corporations Act and for all other purposes, the Company repeal its current Constitution and adopt the New Constitution tabled at the Meeting with effect from the close of the Meeting, on the terms and conditions in the Explanatory Memorandum."

19. Resolution 19 – Approval of Deeds of Indemnity, Insurance and Access

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That in accordance with section 200E of the Corporations Act and for all other purposes, approval be given to the Company to:

- (a) indemnify each Indemnified Person, during their Office and after the cessation of that Office, in respect of certain claims made against that Officer in relation to the period of their Office;*
- (b) use its reasonable endeavours to procure an insurance policy and pay the premiums of insurance as assessed at market rates for each Indemnified Person in respect of certain claims made against each such Officer in relation to the period of their Office (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company);*
- (c) use its reasonable endeavours to ensure that each Indemnified Person is at all times covered under an insurance policy for the period of seven years from the date that the Indemnified Person ceases to hold Office (**Insurance Run-Off Period**), which will be on terms not materially less favourable to the Indemnified Person than the terms of insurance applicable at the date of termination of their Office, and to continue to pay those premiums during that*

Insurance Run-Off Period (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company); and

- (d) *provide each Indemnified Person with access, upon the termination of their Office, for a period of not less than seven years following that termination, to any Group Company records which are either prepared by or provided to him/her during the Retention Period,*

on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by an Indemnified Person and any of their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

20. Resolution 20 – Section 195 Approval

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with subsection 195(4) of the Corporations Act and for all other purposes, Shareholders approve the transactions contemplated in Resolution 10 to 12 (inclusive)."

BY ORDER OF THE BOARD

A handwritten signature in cursive script, appearing to read 'Kyla Garic', written in black ink.

Kyla Garic
Company Secretary
Dated: 31 May 2019

VYSARN LIMITED

ACN 124 212 175

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting.

This Explanatory Memorandum should be read in conjunction with and forms part of the Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Inter-Conditional Resolutions
Section 4:	ASX and Shareholder Approval Requirements
Section 5:	Acquisitions
Section 6:	Resolution 1 - Change to Nature and Scale of Activities
Section 7:	Resolutions 2 and 3 - Issue of Pentium Vendor Shares
Section 8:	Resolution 4 - Issue of Public Offer Shares
Section 9:	Resolutions 5 to 9 (inclusive) – Approval of Related Parties' Participation in Public Offer
Section 10:	Resolutions 10 to 12 (inclusive) - Director Benefits - Shares or Cash Payments
Section 11:	Resolutions 13 and 14 - Executive Performance Rights
Section 12:	Resolution 15 - Issue of Options to Chairman
Section 13:	Resolution 16 – Election of Director - Sheldon Burt
Section 14:	Resolution 17 – Election of Director - Chris Brophy
Section 15:	Resolution 18 - Adoption of New Constitution
Section 16:	Resolution 19 - Approval of Deeds of Indemnity, Access and Insurance
Section 17:	Resolution 20 - Section 195 Approval
Schedule 1:	Definitions and Interpretation
Schedule 2:	Risk Factors
Schedule 3:	Terms and Conditions of Performance Rights
Schedule 4:	Terms and Conditions of Options
Schedule 5:	Summary of New Constitution

A Proxy Form is located at the end of this Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is enclosed with the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions detailed in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a proxy need not be a Shareholder;
- (b) a Shareholder may appoint a body corporate or an individual as its proxy;
- (c) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body corporate may exercise as the Shareholder's proxy; and
- (d) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 9:00am (WST) on, Wednesday, 3 July 2019, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Inter-Conditional Resolutions

The Acquisition Resolutions (Resolutions 1 to 17 (inclusive)) are inter-conditional, meaning that each of them will only take effect if they are approved by the requisite majority of Shareholders' votes at the Meeting or the Board decides to waive the inter-conditional of an Acquisition Resolution. The Board may, at its absolute discretion and subject to the Listing Rules and Corporations Act, elect to waive an Acquisition Resolution in the event a particular Acquisition Resolution is not passed but the Acquisitions could still proceed without the relevant Acquisition Resolution and the Board considers that it is in the best interests of Shareholders that the Acquisitions proceed.

For the avoidance of doubt, Resolutions 1 (Change to Nature and Scale of Activities) and 4 (Issue of Public Offer Shares) will not be waived by the Board. These Resolutions must be passed by the requisite majority of Shareholders for the Acquisitions to proceed.

If any of the Acquisition Resolutions are not approved at the Meeting and/or the inter-conditionality is not waived by the Board, none of the Acquisition Resolutions will take effect and the Acquisitions and other matters contemplated by the Acquisition Resolutions will not be completed.

4. ASX and Shareholder Approval Requirements

The Acquisitions require the Company to re-comply with Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the Official List of ASX for the first time. ASX has absolute discretion in deciding whether or not to reinstate the Company's Shares to official quotation on ASX and therefore the Acquisitions may not proceed if ASX exercises that discretion. ASX (and its officers) take no responsibility for the contents of this Notice.

The Acquisitions require Shareholder approval under the Listing Rules and therefore may not proceed if Shareholder approval is not obtained.

5. Acquisitions

5.1 Background

(a) Background to the Company

The Company was incorporated on 1 March 2007 and was admitted to the Official List of ASX on 12 December 2007.

The Company's most recent operations were aluminium recycling and salt slag processing, focusing on this until September 2015 when it closed its processing plant. The Company has largely been dormant since this time, and on 14 July 2016 the Company's securities were suspended from official quotation on ASX pending its acquisition of a new undertaking and re-compliance with Chapters 1 and 2 of the Listing Rules.

Since their respective appointments to the Board, Mr Ismail and Mr Young (appointed on 21 December 2016) and Mr Hutchinson (appointed on 27 October 2017) have spent significant time and effort into restructuring and operating the Company, and assessing and conducting due diligence on various assets and businesses to facilitate the relisting of the Company on ASX. This has culminated in the Company's entry into the Asset Sale Agreement and Share Sale Agreement as announced by the Company on 11 April 2019.

(b) Assets Acquisition

The Company and Pentium have entered into the Asset Sale Agreement with Ausdrill, under which it will acquire various waterwell drilling assets and associated inventory from Ausdrill (**Assets**) for \$16,000,000 cash. The Company and Pentium are joint buyers under the Asset Sale Agreement, and it is intended that Pentium will be nominated to take title to the Assets (at which time the Share Sale Agreement would have completed and Pentium will be a wholly owned subsidiary of the Company). The proposed corporate structure of the Company following completion of the Acquisitions is set out below in Section 5.1(d).

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

Details of the Company's business moving forward is set out in Section 5.2. A summary of the key terms of the Asset Sale Agreement is set out in Section 5.3(a).

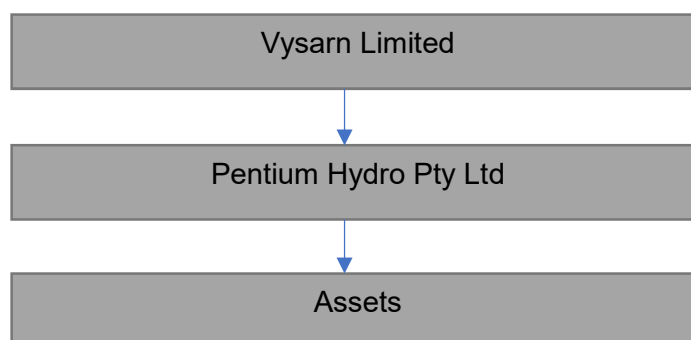
(c) **Pentium Acquisition**

Pentium is a recently incorporated special purpose vehicle established by Mr Sheldon Burt and Mr Chris Brophy for the purposes of seeking drilling opportunities. The two shareholders of Pentium are entities controlled by Messrs Burt and Brophy. Pentium assisted to introduce the Ausdrill Assets to the Company. Messrs Burt and Brophy were appointed Directors of the Company on 15 May 2019 to assist with implementation of the Acquisitions, and will move into Executive Director roles on completion of the Acquisitions.

The Company has entered into a conditional Share Sale Agreement to acquire all of the issued Shares in Pentium. Details of this agreement are set out in Section 5.3(b).

(d) **Corporate Structure**

The diagram below summarises the expected corporate structure of the Company following completion of the Acquisitions.



5.2 Business overview

(a) **Business Model**

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

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

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

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

More specific details on the services the Company will provide to its target industries is set out in Section 5.2(b).

(b) Target industries

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

Resources

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

- (i) Production related drilling – mining operations require large volumes of water for various purposes, including processing mined materials, dust suppression, and in the maintenance of workshops and camps. As such, management of available water is vital to the operations of mines. Most mining operations are located far from piped scheme water, and as such are reliant on water sourced from aquifers below ground. The Company will provide drilling services to assist mining operations access water by drilling wells into the aquifers, from which water can be pumped out.
- (ii) Mine dewatering – groundwater is a common problem in mining. Mines that intersect significant aquifers require pumping from bores to limit the ingress of water to the workings. Dewatering is commonly required ahead of mining to provide a stable and workable environment. Poorly controlled groundwater can have negative effects on the safety, efficiency and economics of mining operations. The Company will provide mine dewatering design and implementation services designed to lower water levels progressively and in advance of mining operations. The dewatering borefields will move throughout the life of the mine with bores being decommissioned as the mining operations advance along the strike of the ore body. Dewatering operations will usually consist of two components:
 - (A) raw water dewatering bores, located within (sacrificial bores) and down dip of the proposed pit limits, that will extract water suitable for use in the process plant and production activities, thereby lowering water levels to allow dry mining conditions to be achieved in the mining areas; and
 - (B) saline water dewatering bores, generally located down gradient of the raw water dewatering bores, screened and isolated within the saline groundwater system only, designed to extract and manage the saline groundwater interface to prevent saline water encroachment into the ore body.
- (iii) Brackish water reinjection – this is a process whereby a significant amount of water extracted from aquifers is reinjected (through reinjection bores) or recycled back into the aquifer to create a sustainable closed system with zero to very little surface discharge. This allows aquifer replenishment to remain consistent with no cross contamination and is often required by environmental guidelines and

regulations. The Company will provide reinjection bores drilling services to mining operations.

- (iv) Cavity grouting – mine backfilling is commonly required to back fill abandoned mine workings to avoid the development of settlement, or worse, sink holes, at the ground surface. The process involves drilling into the cavity then pumping grout to either fill the void in part or in full to meet mine design requirements. The Company will provide cavity grouting services and solutions to mining operations.
- (v) Resource definition and monitoring bores – groundwater monitoring bores are used to determine the nature and properties of soils through which liquids may seep, provide access to groundwater for measuring its level, physical and chemical properties, and allow groundwater samples to be withdrawn for analysis. The Company will provide services for groundwater monitoring bores.

Construction and Utilities

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

(c) The Assets

The Ausdrill Assets to be acquired by the Company and Pentium under the Asset Sale Agreement form part of the hydrogeological drilling business operated by Ausdrill previously known as 'Connector Drilling'. As detailed in Section 5.2(d), some of these assets are currently used by Ausdrill under existing contracts.

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

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

These Assets will enable the Company to offer a broad range of services in its target industries, as detailed in Section 5.2(b) above.

(d) Target Clients

Existing 'Connector Drilling' clients

Some of the Assets (namely two DR24HD Dual Rotary Rigs and accompanying equipment packages) are currently being used by Ausdrill under existing contracts, being a drilling services contract with Hancock Prospecting Pty Ltd (**Hancock**) (**Hancock Contract**) and a general works contract with Roy Hill Iron Ore Pty Ltd (**Roy Hill**) (**Roy Hill Contract**).

Under the Asset Sale Agreement, if these contracts are not completed prior to completion of the sale of the Assets to the Company, the agreement provides that the Company will allow Ausdrill to continue to use the Assets to enable it to fulfil its obligations under these contracts at a market rental rate to be agreed.

The Hancock Contract provides for Ausdrill to provide a hydrogeology drilling program for water bores; test bores and monitoring bores. The program is scheduled to complete in December 2019.

The Roy Hill Contract is a general works contract under which Roy Hill can request Ausdrill to provide dewatering services by submitting purchase orders. The contract expires in March 2020, but is a general works contract which can be terminated by Roy Hill for convenience at any time.

For both the Hancock Contract and Roy Hill Contract, if the counterparties do not terminate these contracts with Ausdrill, then, as contemplated by the Asset Sale Agreement, the Company may enter into a dry hire agreement with Ausdrill to lease the relevant Assets back to Ausdrill to enable Ausdrill to complete the services as contemplated by the purchase orders.

If the Hancock Contract and/or Roy Hill Contract is terminated, the Company may seek to enter into a new arrangement with Roy Hill and Hancock similar to its existing contracts with Ausdrill. The Company considers that it will be ideally placed to do this as it will own the Assets currently used to provide services to Roy Hill and Hancock (which are already mobilised on site) and expects that such services will be required by Roy Hill and Hancock for some time. It should be noted that any new contract will be subject to negotiation and there is no guarantee that a new contract will be entered into.

Other Target Clients

As detailed in Section 5.2(b), the Company will provide a range of services necessary or desirable to the resources, construction and utilities industries. The Company has identified a range of potential clients who may require the services to be provided by the Company, in particular clients with mining production and dewatering operations in Australia including the Pilbara region in Western Australia. These potential clients include 'Tier 1' miners as well as smaller companies in the relevant industries. The Company has had preliminary discussions with potential clients with respect to services the Company will be able to provide on completion of the Acquisitions. The Company will continue to engage with these potential clients with a view to being able to tender for services and enter into formal agreements once it takes ownership of the Assets following completion of the Asset Sale Agreement.

(e) Human Resources and Recruitment

The Company has initiated a recruitment strategy to enable it to secure a core staff of skilled and experienced workers to operate the Assets and the business. This will include seeking to employ some employees currently employed by Ausdrill's 'Connector Drilling' business, given their experience in

the industry and in operating the Assets. Other employees and contractors will be sought through a traditional recruitment campaign, and utilising the industry connections of the Board. It is expected that the Company will employ a mix of full, part and casual employees and contractors to provide it with flexibility as it establishes its business.

(f) **Workforce and Occupational Health and Safety**

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

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

(g) **Quality Assurance**

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

(h) **Growth Strategy**

The Company's overall strategy is to become a significant provider of production critical services and solutions, with an initial focus on the resources, construction and utilities industries. The Assets will enable the Company to provide a broad range of services to clients in these industries, as detailed in Sections 5.2(a) and 5.2(b). As detailed in Section 5.2(d), it is expected that some of the Assets will be utilised immediately on completion of the Acquisitions, but the Company will also have capacity to provide services to new clients. A key part of the Company's initial growth strategy will be to attract clients to fully utilise the suite of Assets it will be acquiring under the Acquisitions. In conjunction with this organic growth strategy, the Company also intends to leverage its core competencies to identify acquisition opportunities aimed at diversifying and/or bettering the services and solutions to be offered by the Company, and/or expanding the scale of the Company's operations. Such acquisition opportunities may include acquisitions:

- (i) **in new geographies:** to diversify risk, improve market penetration and increase scale;

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

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

5.3 Material Contracts

(a) Asset Sale Agreement

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

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

Completion of the acquisition of the Assets is subject to and remains conditional upon the satisfaction (or waiver) of the following conditions precedent:

- (i) **Finance:** the Company having available to it on an unconditional basis, sufficient cash amounts (from existing cash reserves, equity or debt funding) to satisfy the obligation to pay the \$16,000,000 purchase price;
- (ii) **ASX and Shareholder Approvals:** the Company obtaining all necessary ASX and Shareholder approvals to give effect to the acquisition of the Assets, including any approval required by ASX for the purposes of Listing Rule 11.1.2; and
- (iii) **Ausdrill Consents:** Ausdrill obtaining any consents or releases that may be required under any agreement and/or any financing arrangements or facilities to allow the sale of the Assets free of any encumbrances,

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

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

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

As detailed in Section 5.2(d), some of the Assets are currently being used by Ausdrill under existing contracts. If the works under these contracts have not been completed by the time of completion of the Asset Sale Agreement, the agreement provides for the Company to allow Ausdrill to continue to use the relevant Assets at a market rental rate to be agreed by the parties.

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

(b) **Share Sale Agreement**

The Company's 11 April 2019 ASX announcement also noted that it had entered into the Share Sale Agreement with Insight Ecosys Pty Ltd (an entity controlled by Mr Chris Brophy) and Connada Pty Ltd (an entity controlled by Mr Sheldon Burt) (collectively, the **Pentium Vendors**) pursuant to which the Company will acquire the entire issued share capital of Pentium (**Share Sale Agreement**).

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

Completion of the acquisition of Pentium is subject to and remains conditional upon the satisfaction (or waiver) of the following conditions precedent:

- (i) **Asset Sale Agreement:** all the conditions precedent to the Asset Sale Agreement being satisfied; and
- (ii) **Shareholder Approval:** the Company obtaining Shareholder approval for the issue of the Pentium Vendor Shares.

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

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

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

5.4 Public Offer, Debt Funding and Proposed Budget

The Company has current cash reserves of approximately \$7,250,000 as at the date of the Notice, and intends to seek debt funding and conduct the Public Offer to give the Company total available cash of at least approximately \$20,250,000 which will assist the Company to:

- (a) satisfy the requirements of Chapters 1 and 2 of the Listing Rules;
- (b) satisfy the applicable Remaining Conditions detailed in Section 5.3(a) and complete the Acquisitions; and
- (c) following completion of the Acquisitions, establish and progress a hydrogeological and production services drilling business which will be underpinned by the Assets.

In connection with the Acquisitions, the Company intends to raise a minimum of \$13,000,000 and up to \$15,000,000 through the following:

- (a) seek debt funding of up to approximately \$8,000,000 to assist to fund the purchase price of the Assets (**Debt Funding**); and
- (b) undertake an equity capital raising to raise funds pursuant to a prospectus to be lodged with ASIC (**Prospectus**). It is anticipated that the equity capital raising will be between \$5,000,000 to \$7,000,000 (before associated costs) (**Public Offer**).

Resolutions 10 to 12 seek Shareholder approval for the Company to issue Shares or cash (or a combination of both) to Messrs Hutchinson, Ismail and Young as consideration for past services rendered to the Company. Messrs Hutchinson, Ismail and Young will have the right to elect to receive the consideration in Shares or cash (or a combination of both) and have advised the Company that they will make this election having regard to the amount secured under the Debt Funding and the amount raised under the Public Offer so as to ensure that the Company will have total available funds of at least \$20,250,000. For example, if the Company secures \$8,000,000 in Debt Funding and raises \$5,000,000 under the Public Offer, or if the Company secures \$6,000,000 in Debt Funding and raises \$7,000,000 under the Public Offer, Messrs Hutchinson, Ismail and Young will elect to receive Shares (rather than cash). If the Company secures \$8,000,000 in Debt Funding and raises more than \$5,000,000 under the Public Offer, Messrs Hutchinson, Ismail and Young may elect to receive some or all of their consideration in cash, provided that after such payments the Company will have available funds of at least \$20,250,000.

In the event that the Remaining Conditions to the Acquisitions are satisfied (including successful completion of the Public Offer and assuming \$8,000,000 is secured in Debt Funding), the total funds available to the Company will be as follows:

Funds Available	(\$) Minimum subscription	(\$) Full subscription
Cash position of the Company	7,250,000	7,250,000
Funds raised under the Public Offer	5,000,000	7,000,000
Debt Funding	8,000,000	8,000,000
Total Funds Available	\$20,250,000	\$22,250,000

The Company intends to use these funds as follows:

Allocation of Funds	(\$) Minimum subscription	(\$) Full subscription
Purchase price of the Assets	\$16,000,000	\$16,000,000
Stamp duty and GST ¹	\$1,610,000	\$1,610,000
Payments to Directors ²	-	\$1,296,000
Working Capital	\$1,750,000	\$2,324,000
Costs associated with the Public Offer and Acquisitions	\$890,000	\$1,020,000
Total	\$20,250,000	\$22,250,000

¹ The Company expects that it will be entitled to a GST input tax credit on GST payable on the acquisition of the Assets. Any amounts received by the Company in respect of this amount will be used for working capital.

² As detailed in Section 10, Resolutions 10 to 12 seek Shareholder approval for the issue of Shares or cash (or a combination of both) to Messrs Hutchinson, Ismail and Young in consideration for past services provided to the Company. Since their respective appointments (Mr Ismail and Mr Young in December 2016 and Mr Hutchinson in October 2017), each of these Directors have committed significant time and effort in restructuring and operating the Company (which does not have any full time employees or contractors), and seeking and considering various investment opportunities to facilitate the reinstatement of the Company to Official Quotation. Mr Hutchinson resigned as Chairman of Mareterram Limited in November 2017 so that he could carry out these responsibilities on a full time basis as Executive Chairman. Since his appointment, Mr Peter Hutchinson has not received any director fees (or any other kind of remuneration or benefit) nor sought reimbursement for any expenses incurred in carrying out his responsibilities as Chairman. From the time of Mr Hutchinson's appointment until recently, Messrs Ismail and Young have also not received any director fees (or any other kind of remuneration or benefit) from the Company. It is now proposed that Mr Hutchinson will be remunerated for past services wholly through the issue of Shares and/or a cash payment, and Messrs Ismail and Young will be remunerated for past services partly through the issue of the Shares and partly through cash, as detailed in Section 10.4(f). As noted above, Messrs Hutchinson, Ismail and Young will make the election of whether to receive Shares or cash (or a combination of both) having regard to the amount secured under the Debt Funding and the Public Offer, so as to ensure the Company will have available funds of not less than \$20,250,000 for use as detailed above. Further, as noted in Section 9.1, Messrs Hutchinson, Ismail and Young have advised that if they elect to receive their respective Director Payments instead of Director Shares, they may apply all or part of these cash payments to subscribe for Shares under the Public Offer, subject to Shareholder approval of the Directors' participation in the Public Offer under Resolutions 5 to 7 (inclusive).

It is expected that the Public Offer will be subject to a minimum subscription of \$5,000,000. It is not expected that the Public Offer will be underwritten.

Refer to Section 8 for further details of the Public Offer.

5.5 Composition of Board of Directors

The Board currently comprises of:

- (a) Mr Sheldon Burt (Non-Executive Director);
- (b) Mr Chris Brophy (Non-Executive Director);
- (c) Mr Faldi Ismail (Non-Executive Director);
- (d) Mr Nicholas Young (Non-Executive Director); and

- (e) Mr Peter Hutchinson (Executive Chairman).

Subject to the passing of the Acquisition Resolutions and completion of the Acquisitions, Mr Faldi Ismail and Mr Nicholas Young intend to resign as Directors, with Messrs Burt and Brophy to move into Executive Director positions. Mr Peter Hutchinson will remain on the Board but move into the position of Non-Executive Chairman .

As such, upon completion of the Acquisitions, the Board will comprise:

- (a) Mr Peter Hutchinson (Non-Executive Chairman, Non-Executive Director);
- (b) Mr Sheldon Burt (Executive Director); and
- (c) Mr Chris Brophy (Executive Director).

5.6 ASX Waivers

ASX has granted the Company waivers from:

- (a) Listing Rule 2.1, Condition 2 to permit the Company to issue Shares at less than \$0.20 per Share under the Public Offer (Resolution 4), subject to:
 - (i) the issue price of the Shares being not less than \$0.02 per Share;
 - (ii) the terms of the waiver being disclosed in this Notice and the Prospectus; and
 - (iii) Shareholder approval of the Public Offer (Resolution 4);
- (b) Listing Rule 1.1, Condition 12 to permit the Company to have Options on issue with an exercise price of less than \$0.20 each (Resolution 15), subject to:
 - (i) the exercise price of the Options being not less than \$0.02 per Option;
 - (ii) the terms of the waiver and Options being disclosed in this Notice and the Prospectus;
 - (iii) Shareholder approval of the issue of the Options (Resolution 15); and
 - (iv) the terms of the Acquisitions and the Public Offer not materially changing (as determined by ASX in its absolute discretion) from those announced by the Company on 11 April 2019; and
- (c) Listing Rule 1.1, Condition 12 to permit the Company to have Performance Rights on issue with an exercise price of less than \$0.20 each (Resolutions 13 to 14 (inclusive)), subject to:
 - (i) the terms of the waiver and Performance Rights being disclosed in this Notice and the Prospectus;
 - (ii) Shareholder approval of the issue of the Performance Rights (Resolutions 13 to 14 (inclusive)); and
 - (iii) the terms of the Acquisitions and the Public Offer not materially changing (as determined by ASX in its absolute discretion) from those announced by the Company on 11 April 2019.

The waivers granted by ASX only apply to 29 August 2019 and are subject to any amendments to the Listing Rules.

5.7 Pro forma statement of financial position

A pro forma consolidated statement of financial position of the Company following completion of the Acquisitions, the Public Offer and the issue of Performance Rights and Options as contemplated in this Notice is detailed in Schedule 6. The pro forma consolidated statement of financial position is shown based on three scenarios: the first scenario assumes the Company obtains \$8 million in Debt Funding and raises \$5 million under the Public Offer, and that Messrs Hutchinson, Ismail and Young elect to receive Shares pursuant to Resolutions 10 to 12; the second scenario assumes the Company obtains \$6 million in Debt Funding and raises \$7 million under the Public Offer, and that Messrs Hutchinson, Ismail and Young elect to receive Shares pursuant to Resolutions 10 to 12; and the third scenario assumes the Company obtains \$8 million in Debt Funding and raises \$7 million under the Public Offer, and that Messrs Hutchinson, Ismail and Young elect to receive cash pursuant to Resolutions 10 to 12.

5.8 Pro forma capital structure

The pro forma capital structure of the Company assuming all of the Acquisition Resolutions are passed, completion of the Acquisitions and the Public Offer and Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young elect to receive Shares pursuant to Resolutions 10 to 12 will be as follows:

	Shares assuming \$5 million Public Offer	Shares assuming \$7 million Public Offer	Performance Rights	Options
Existing Securities	136,228,616	136,228,616	-	-
Pentium Vendor Shares (Resolution 2)	7,800,000	7,800,000	-	-
Director Shares (Resolutions 10 -12 inclusive)	24,000,000	24,000,000 ¹	-	-
Executive Performance Rights (Resolutions 13 and 14)	-	-	10,000,000	-
Chairman Options (Resolution 15)	-	-	-	10,000,000
Public Offer Shares (Resolution 4)	92,592,592	129,629,630	-	-
Total (after completion of Public Offer and Acquisitions)	260,621,208	297,658,246¹	10,000,000	10,000,000

Note 1: If Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young elect to receive cash instead of Shares pursuant to Resolutions 10 -12 inclusive, the total number of shares in the table will be reduced by 24,000,000. As detailed in Section 5.4, to ensure the Company has at least available funds of \$20,250,000 to complete the Acquisitions and relist on ASX, Messrs Hutchinson, Ismail and Young will not elect to receive cash if only \$5 million is raised under the Public Offer.

5.9 Effect of the Acquisitions on control and substantial Shareholders

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

As at the date of the Notice, the following persons had a relevant interest in 5% or more of the Shares on issue:

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

Based on the information known as at the date of the Notice, upon completion of the Acquisitions and assuming the Company raises \$5 million under the Public Offer, the following persons will have a relevant interest in 5% or more of the Shares on issue:

Name	Number of Shares	Percentage of Shares
Molonglo Pty Ltd ¹	32,478,955	12.46%
Invia Custodian Pty Limited	14,592,325	5.60%

Note 1: Molonglo is an entity controlled by Mr Peter Hutchinson. Resolution 10 seeks Shareholder approval for the Company to issue 15,500,000 Shares or be paid an amount of \$837,000 (or a combination of both such that the maximum financial benefit to be provided does not exceed \$837,000) in consideration for past services rendered by Mr Hutchinson. As detailed in Section 5.4, to ensure the Company has at least available funds of \$20,250,000 to complete the Acquisitions and relist on ASX, Mr Hutchinson will not elect to receive cash if only \$5 million is raised under the Public Offer, so this table assumes Mr Hutchinson will elect to receive 15,500,000 Shares. Resolution 5 seeks Shareholder approval for Mr Hutchinson to participate and subscribe for up to 20,129,630 Shares in the Public Offer, for subscription funds of up to \$1,087,000. In the event the Company raises \$7 million under the Public Offer and each of Mr Hutchinson, Mr Ismail and Mr Young elect to receive cash under the Public Offer, and Mr Hutchinson participates to this maximum amount under the Public Offer (including from cash paid to him the subject of Resolution 10), it is expected that he and Molonglo will have a relevant interest in 37,108,585 Shares which will equate to 12.47% of the issued capital of the Company on completion of the Acquisitions.

5.10 Indicative timetable

The following is an indicative timetable for, amongst other things, completion of the Acquisitions and the Public Offer.

Event	Indicative Date
Lodgement of Prospectus with ASIC and ASX	28 June 2019
Last day for lodgement of Proxy Form	3 July 2019
Meeting	5 July 2019
Public Offer opens	5 July 2019
Public Offer closes	29 July 2019
Completion of the Acquisitions	31 July 2019
Satisfaction of Chapters 1 and 2 of the Listing Rules	2 August 2019
Expected date for reinstatement of the Company's securities to trading on the ASX	5 August 2019

* The above timetable is indicative only and subject to change. The Directors reserve the right to amend the timetable without notice and will keep Shareholders updated (via ASX announcements) on the timing of the completion of the Acquisitions as they progress.

As detailed in Section 5.14, under ASX's policy on the delisting of long term suspended entities, the Company may be delisted from the Official List by ASX if it has not been reinstated by 14 July 2019. ASX may agree to a short (up to 3 months) extension of this deadline if the Company can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its securities within a reasonable period. For these purposes, ASX defines 'final stages' as:

- (a) having announced the transaction to the market;
- (b) having signed definitive legal agreements for the transaction (including any financing required in respect of the transaction);

- (c) having lodged the prospectus with ASIC; and
- (d) having obtained Shareholder approval for the transaction.

The indicative timetable above contemplates that the Company will meet the requirements of being in the 'final stages' of implementing the Acquisitions prior to 14 July 2019, and as such the Company expects that it will be able to obtain an extension of up to 3 months to its delisting date. However, it is noted that ASX has ultimate discretion as to whether to grant this extension.

5.11 Advantages of the Acquisitions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) the Company is currently suspended from trading on ASX, and has largely been dormant since the divestment of its previous undertaking in September 2015. Completion of the Acquisitions will enable the Company to be reinstated to the Official List with a suite of quality drilling assets and a strong Board and management team, providing the opportunity to increase the value of the Company. Shareholders will be able to share in the growth of the Company and will also be able to buy or sell their Shares on ASX;
- (b) as detailed in Section 5.14, if the Acquisitions do not complete, it is likely that the Company will be delisted from ASX under ASX's policy on the delisting of long term suspended entities;
- (c) Shareholders will have exposure to the mining services and drilling industries. As detailed in Section 5.2, the Directors consider that there is an existing market for the services the Company will offer following completion of the acquisition of the Assets, and have a clear strategy to be able to penetrate this market in the short term, as well as a strategy to be able to grow the Company and generate Shareholder value in the medium to longer terms;
- (d) the Company will receive a cash injection via the Public Offer and the Debt Funding;
- (e) the Acquisitions represents a significant opportunity for the Company to increase the scale of its activities which should increase the number and size of the investor pool that may invest in its Shares; and
- (f) the Company may be able to raise further funds at higher prices by way of share equity as a result of the Acquisitions and may also be exposed to further debt and equity opportunities that it did not have prior to the Acquisitions.

5.12 Disadvantages of the Acquisitions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) there are inherent risks associated with the change in operations of the Company's activities which may not suit their risk profile or be consistent with the objectives of all Shareholders. Key risks which will be faced by the Company and which Shareholders will be exposed to are summarised in Schedule 2;

- (b) the Company will be entering the drilling industry, which may not align with a Shareholder's investment objectives;
- (c) the Acquisitions and the Public Offer will result in the issue of Securities as detailed in this Explanatory Memorandum, which will have a dilutionary effect on the holdings of existing Shareholders; and
- (d) the Assets and proposed new business of the Company may not turn out to be commercially viable and thus losses may be incurred.

5.13 Risk Factors

Shareholders should be aware that if the Acquisition Resolutions are approved and the Acquisitions are completed, the Company will be changing the nature and scale of its activities which will result in it being subject to various risk factors (in addition to those that are presently applicable). Based on the information available, a non-exclusive list of these risk factors is detailed in Schedule 2.

5.14 Plans for the Company if the Acquisition Resolutions are not passed

If the Acquisition Resolutions are not passed and the Acquisitions are not completed, the Company will continue to seek potential acquisitions across all industries.

Further, pursuant to ASX's long term suspended entities policy in ASX Guidance Note 33, ASX will automatically remove from the Official List any entity whose securities have been suspended from trading for a continuous period of three years (to be updated to two years from 3 February 2020).

As the Company's securities have been suspended from official quotation since 14 July 2016, in the event the Acquisitions do not proceed, it will be removed from the Official List by ASX if it is unable to identify and acquire a suitable project or business prior to 14 July 2019. Given the indicative timetable, it is very unlikely that the Company will have time to seek an alternative transaction to relist before 14 July 2019 if the Acquisitions do not proceed.

5.15 Restricted Securities

Chapter 9 of the Listing Rules prohibits holders of Restricted Securities from disposing of those securities or an interest in those securities, or agreeing to dispose of those securities or an interest in those securities for the relevant restriction periods.

If Shareholders approve all of the Acquisition Resolutions, ASX may, subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules, classify certain Securities issued in connection with the Acquisitions and the relisting of the Company as Restricted Securities and may require those Securities to be held in escrow for up to 24 months from the date the Securities are reinstated to trading on ASX. During the period which those Securities are prohibited from being transferred, trading in Shares may be less liquid which may affect a Shareholder's ability to dispose of their Shares in a timely manner.

5.16 Directors' interests in the Acquisitions

None of the Company's existing Directors have any interest in the proposed Acquisitions, other than as disclosed in the Notice.

5.17 Forward looking statements

The forward looking statements in this Explanatory Memorandum are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Explanatory Memorandum. These risks include but are not limited to, the risks detailed in Schedule 2. Forward looking statements generally include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

6. Resolution 1 – Change to Nature and Scale of Activities

6.1 General

Resolution 1 seeks the approval of Shareholders for a change in nature and scale of the Company's activities via the acquisition of 100% of the issued capital of Pentium and the acquisition of the Assets.

A detailed description of the proposed Acquisitions is outlined in Section 5 above.

Resolution 1 is an ordinary resolution.

Resolution 1 is subject to approval of the other Acquisition Resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

6.2 Listing Rule 11.1

Chapter 11 of the Listing Rules requires Shareholders to approve any significant change in the nature or scale of an ASX listed company's activities. Completion of the Acquisitions will have the effect of changing the nature, and increasing the scale, of the Company's activities.

Resolution 1 seeks Shareholder approval to allow the Company to complete the Acquisitions thereby changing the nature and increasing the scale of its activities.

Where an ASX listed company seeks to change the nature or scale of its activities, it must:

- (a) under Listing Rule 11.1.1, notify ASX of the proposed change;
- (b) under Listing Rule 11.1.2, obtain shareholder approval to undertake the change, if required by ASX; and
- (c) under Listing Rule 11.1.3, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company was applying for admission to the official list of ASX, if required by ASX.

The Company acknowledges that:

- (a) Listing Rule 11.1.2 applies in respect of the Acquisitions and that the Company will need to obtain Shareholder approval to undertake the change in nature and scale of activities arising from the Acquisitions. In this regard, the Company has agreed to undertake the Acquisitions, subject to the satisfaction

of the conditions precedent (refer to Section 5.1(d)) including but not limited to, the obtaining of Shareholder approval; and

- (b) Listing Rule 11.1.3 applies in respect of the Acquisitions and accordingly the Company will need to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. In this regard, the Company proposes to undertake the Public Offer (the subject of Resolution 4) to satisfy the ASX re-compliance.

On the basis that Shareholders approve all of the Resolutions, the Company will seek to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. In accordance with these requirements, the Company will issue the Prospectus.

Trading of Shares is currently suspended and will remain suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3. It is anticipated that the Company's securities will be reinstated to trading on ASX in July 2019. If Shareholders do not approve all of the Acquisition Resolutions, the Acquisitions will not proceed and trading of Shares on ASX will remain suspended until the Company identifies and acquires a new undertaking and satisfies the requirements of Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3. As noted in Section 5.14, if the Acquisitions do not proceed, it is likely that the Company will be delisted from ASX on or around 14 July 2019 under ASX's policy on the delisting of long term suspended entities.

Details of the Acquisitions by the Company and the proposed changes to the structure and operations of the Company are described in Section 5.

A voting exclusion statement is included in the Notice.

6.3 Board recommendation

The Board (in the absence of Messrs Burt and Brophy) recommends that Shareholders vote in favour of Resolution 1.

Messrs Burt and Brophy consider that it is not appropriate that they make a recommendation on Resolution 1 as it relates (in part) to the Company's acquisition of 100% of the issued capital in Pentium and issue of the Pentium Vendor Shares to them, and therefore decline to make a recommendation.

7. Resolutions 2 and 3 – Issue of the Pentium Vendor Shares

7.1 General

As outlined in Section 5, the Company is proposing to acquire the entire issued share capital of Pentium.

The Pentium Acquisition will be subject to the conditions precedent detailed in Section 5.3(b), including the requirement to obtain Shareholder approval. A detailed description of the Pentium Acquisition is outlined in Section 5.

Resolutions 2 and 3 seek Shareholder approval for the Pentium Acquisition and, in particular, Shareholder approval, pursuant to Listing Rule 10.11, for the issue of the 7,800,000 Pentium Vendor Shares to the Pentium Vendors (or their nominees) in the following proportions:

- (a) 3,900,000 Shares to Connada Pty Ltd (controlled by Mr Sheldon Burt) - Resolution 2; and
- (b) 3,900,000 Shares to Insight Ecosys Pty Ltd (controlled by Mr Chris Brophy) - Resolution 3.

Messrs Burt and Brophy have advised the Company that it is proposed that 20% of the Pentium Vendor Shares (being 1,560,000 Shares) will be issued to a former business partner who was involved in establishing Pentium (but is no longer actively involved in the company).

Resolutions 2 and 3 are ordinary resolutions. Resolutions 2 and 3 are subject to the approval of each of the other Acquisition Resolutions.

The Chairperson will cast all available proxies in favour of Resolutions 2 and 3.

7.2 Listing Rule 10.11

Listing Rule 10.11 restricts the Company's ability to issue securities to a related party unless the Company obtains Shareholder approval or an exception applies.

Each of Mr Sheldon Burt and Mr Chris Brophy as Directors of the Company is regarded as a related party of the Company for the purposes of Listing Rule 10.11.

The effect of Resolutions 2 and 3 will be to allow the Company to issue the Pentium Vendor Shares to the Pentium Vendors, being entities controlled by to Mr Sheldon Burt and Mr Chris Brophy, (and/or their respective nominees) during the period of one month after the Meeting (or a longer period, if allowed by ASX), without breaching Listing Rule 10.11 or using up the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholder approval is obtained pursuant Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 (refer to Listing Rule 7.2, Exception 14).

Following consultation with ASX, the Company has determined that shareholder approval for the purposes of Listing Rule 10.11 is being sought for the issue of the Pentium Vendor Shares being issued pursuant to the Share Sale Agreement. The Company entered into the Share Sale Agreement prior to Mr Sheldon Burt and Mr Chris Brophy being appointed as Directors of the Company and therefore having any ability to influence the Company's decision to enter into the Share Sale Agreement or agree to the issue the Pentium Vendor Shares. Subsequent to the Company entering into the Share Sale Agreement, Mr Sheldon Burt and Mr Chris Brophy were appointed as Directors of the Company. Accordingly, the Company is seeking Shareholder approval for the issue of the Pentium Vendor Shares pursuant to Listing Rule 10.11.

7.3 Section 208 of Corporations Act

A summary of section 208 of the Corporations Act is contained in Section 9.2 below.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Pentium Vendor Shares as the exception in section 210 of the Corporations Act applies. Section 210 of the Corporations Act broadly provides that Shareholder approval under section 208 for the giving of a financial benefit to a related party is not required if the benefit arises from an arm's length transaction. It is noted that Mr Burt and Mr Brophy were not Directors at the time the Share Sale Agreement was entered into, and the Board (in the absence of Messrs Burt and Brophy) consider that the Share Sale Agreement was negotiated and entered into on arm's length terms. As such, the Board (in the absence of Messrs Burt and Brophy) considers that the arm's length exception applies.

7.4 Specific Information Required by Listing Rule 10.11

Pursuant to and in accordance with Listing Rule 10.11, the following information is provided in relation to the approval to issue the Pentium Vendor Shares to the Pentium Vendors (and/or their respective nominees):

- (a) the Pentium Vendor Shares will be issued to the Pentium Vendors (Connada Pty Ltd, controlled by Mr Sheldon Burt and Insight Ecosys Pty Ltd, controlled by Mr Chris Brophy) (and/or their respective nominees). As noted above, it is proposed that part of the Pentium Vendor Shares, being 1,560,000 Shares, will be issued to a former business partner of Messrs Burt and Sheldon who was involved in establishing Pentium (but is no longer actively involved in the company);
- (b) the maximum number of Pentium Vendor Shares to be issued to each of the related parties (and/or their respective nominee) is as follows:
 - (i) 3,900,000 Shares to Connada Pty Ltd (controlled by Mr Sheldon Burt); and
 - (ii) 3,900,000 Shares to Insight Ecosys Pty Ltd (controlled by Mr Chris Brophy);
- (c) the Company will issue the Pentium Vendor Shares to the Pentium Vendors (and/or their respective nominees) no later than one month after the date of the Meeting (or such later date as ASX may permit);
- (d) the Pentium Vendor Shares will be issued as consideration for the acquisition of the Pentium pursuant to the terms of the Share Sale Agreement and will be issued for nil cash consideration;
- (e) the Pentium Vendor Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue of Pentium Vendor Shares as they are being issued as consideration for the Pentium Acquisition (refer to Section 5);
- (g) subject to Section 7.4(c), the Company will issue the Pentium Vendor Shares on or around the date of completion of the Acquisitions; and
- (h) a voting exclusion statement is included in the Notice.

7.5 Board recommendation

The Board (in the absence of Messrs Burt and Brophy) recommends that Shareholders vote in favour of Resolutions 2 and 3.

Messrs Burt and Brophy decline to make a recommendation on Resolutions 2 and 3 as they have an interest in the issue of the Pentium Vendor Shares and do not consider it appropriate that they make a recommendation.

8. Resolution 4 – Issue of Public Offer Shares

8.1 General

Resolution 4 seeks Shareholder approval for the issue of up to 129,629,630 Shares at an issue price of \$0.054 per Share (**Public Offer Shares**) to raise up to \$7,000,000 (before costs) under the Public Offer. It is expected that the Public Offer will be subject to a minimum subscription of \$5,000,000.

The Public Offer Shares will be issued under a prospectus to be issued by the Company in order to re-comply with Chapters 1 and 2 of the Listing Rules.

Resolution 4 is an ordinary resolution.

Resolution 4 is subject to the approval of the other Acquisition Resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

8.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Company to issue the Public Offer Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

8.3 Specific Information Required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Public Offer:

- (a) a maximum of 129,629,630 Shares will be issued pursuant to the Public Offer;
- (b) the Public Offer Shares will be issued no later than 3 months after the date of the Meeting (or such later date as ASX may permit);
- (c) the Public Offer Shares will be offered at a price of \$0.054 per Share;
- (d) the Public Offer Shares are proposed to be issued to the public at the Board's discretion pursuant to a prospectus. None of the subscribers for the Public Offer will be related parties of the Company (other than as approved under Resolutions 5 to 9);
- (e) the Public Offer Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Company's intended use of the funds raised from the issue of the Public Offer Shares is detailed in Section 5.4 above;
- (g) subject to Section 8.3(c), it is intended that the Public Offer Shares will be issued on the same date, being on or around the date of completion of the Acquisitions; and

(h) a voting exclusion statement is included in the Notice.

8.4 Listing Rule Waiver

As noted in Section 5.6, Listing Rule 2.1, Condition 2 provides that the issue price or sale price of all securities for which an entity seeks quotation (except options) must be at least \$0.20. The Company has been granted a waiver from Listing Rule 2.1, Condition 2 to the extent necessary to permit the issue price of Shares under the Public Offer to be less than \$0.20 on the conditions that the issue price is not less than \$0.02 and Shareholders specifically approve the issue price (as contemplated by this Resolution 4).

8.5 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 4.

9. Resolutions 5 to 9 (inclusive) – Approval of Related Parties' Participation in Public Offer

9.1 General

Resolutions 5 to 9 (inclusive) seek Shareholder approval pursuant to Listing Rule 10.11 to enable Mr Peter Hutchinson, Mr Faldi Ismail, Mr Nicholas Young, Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees) to participate in the Public Offer on the same terms and conditions as offered to other investors.

Subject to obtaining the approval of Shareholders, an aggregate total of up to 34,185,186 Shares may be issued to Mr Peter Hutchinson, Mr Faldi Ismail, Mr Nicholas Young, Mr Sheldon Burt and Mr Chris Brophy (and/or their nominees), consisting of:

- (a) 20,129,630 Public Offer Shares to Mr Peter Hutchinson;
- (b) 5,175,926 Public Offer Shares to Mr Faldi Ismail;
- (c) 5,175,926 Public Offer Shares to Mr Nicholas Young;
- (d) 1,851,852 Public Offer Shares to Mr Sheldon Burt; and
- (e) 1,851,852 Public Offer Shares to Mr Chris Brophy.

Resolutions 5 to 9 (inclusive) are ordinary resolutions. Resolutions 5 to 9 (inclusive) are subject to the approval of the Acquisition Resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolutions 5 to 9 (inclusive).

Subject to the approval of Resolutions 10 to 12 (inclusive), Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young have advised that if they elect to receive their respective Director Payments instead of Director Shares, they may apply all or part of these cash payments to subscribe for Shares under the Public Offer, subject to Shareholder approval of the Directors' participation in the Public Offer under Resolutions 5 to 7 (inclusive).

9.2 Chapter 2E of the Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval, unless the giving of the financial benefit falls within an exception to sections 210 to 216 of the Corporations Act.

Mr Peter Hutchinson, Mr Faldi Ismail, Mr Nicholas Young, Mr Sheldon Burt and Mr Chris Brophy, as the Directors of the Company are related parties of the Company for the purposes of section 208 of the Corporations Act. The issue of Public Offer Shares to each of Mr Peter Hutchinson, Mr Faldi Ismail, Mr Nicholas Young, Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees) constitutes the giving of a financial benefit for the purposes of section 208 of the Corporations Act.

It is the view of the Directors that the issue of Public Offer Shares to each of Mr Peter Hutchinson, Mr Faldi Ismail, Mr Nicholas Young, Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees) under the Public Offer, in accordance with Resolutions 5 to 9 (inclusive), falls under the arm's length exception in section 210 of the Corporations Act, as any participation in the Public Offer will be on the same terms as those offered to other investors, who are not related parties of the Company. Accordingly, Shareholder approval is not being sought for the purposes of Section 208 of the Corporations Act.

9.3 Listing Rule 10.11

Listing Rule 10.11 restricts the Company's ability to issue securities to a related party unless the Company obtains Shareholder approval or an exception applies.

Each of Mr Peter Hutchinson, Mr Faldi Ismail, Mr Nicholas Young, Mr Sheldon Burt and Mr Chris Brophy as Directors of the Company is regarded as a related party of the Company for the purposes of Listing Rule 10.11.

The Directors are of the view that none of the exceptions detailed in Listing Rule 10.12 apply in the current circumstances. Accordingly, Shareholder approval is sought for the allotment and issue of Public Offer Shares to Mr Peter Hutchinson, Mr Faldi Ismail, Mr Nicholas Young, Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees).

The effect of passing Resolutions 5 to 9 (inclusive) will be to allow the Company to issue and allot an aggregate total of 34,185,186 Shares to Mr Peter Hutchinson, Mr Faldi Ismail, Mr Nicholas Young, Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees) without breaching Listing Rule 10.11 or using up the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholder approval is obtained pursuant Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 (refer to Listing Rule 7.2, Exception 14).

9.4 Specific Information Required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 5 to 9 to enable Mr Peter Hutchinson, Mr Faldi Ismail, Mr Nicholas Young, Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees) to participate in the Public Offer:

- (a) the Public Offer Shares will be issued to each of Mr Peter Hutchinson, Mr Faldi Ismail, Mr Nicholas Young, Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees), each of whom is a Director, through their participation in the Public Offer;

- (b) the maximum number of Public Offer Shares to be issued to each of the related parties (and/or their respective nominee) is set out in Section 9.1.
- (c) the Company will issue the Public Offer Shares to Mr Peter Hutchinson, Mr Faldi Ismail, Mr Nicholas Young, Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees) no later than one month after the date of the Meeting (or such later date as ASX may permit);
- (d) the Public Offer Shares will be offered at a price of \$0.054 per Share. Accordingly, the maximum amount to be paid by the related parties is as follows:
 - (i) Mr Peter Hutchinson: \$1,087,000 (20,129,630 Public Offer Shares);
 - (ii) Mr Faldi Ismail: \$279,500 (5,175,926 Public Offer Shares);
 - (iii) Mr Nicholas Young: \$279,500 (5,175,926 Public Offer Shares);
 - (iv) Mr Sheldon Burt: \$100,000 (1,851,852 Public Offer Shares); and
 - (v) Mr Chris Brophy: \$100,000 (1,851,852 Public Offer Shares);
- (e) the Public Offer Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (f) the funds raised from the issue of the Public Offer Shares to Mr Peter Hutchinson, Mr Faldi Ismail, Mr Nicholas Young, Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees), in conjunction with all other funds raised from the Public Offer will be utilised as detailed in Section 5.4 above;
- (g) subject to 9.4(c) it is intended that the Public Offer Shares will be issued on the same date, being on or around the date of completion of the Acquisitions; and
- (h) a voting exclusion statement is included in the Notice.

9.5 Board recommendation

The Directors have an interest in Resolutions 5 to 9 (inclusive) and therefore believe it inappropriate to make a recommendation.

10. Resolutions 10 to 12 - Director Benefits - Shares or Cash Payments

10.1 General

Resolutions 10 to 12 (inclusive) seek Shareholder approval pursuant to Listing Rule 10.11 and section 208 of the Corporations Act to enable the issue of an aggregate of up to 24,000,000 Shares (**Director Shares**) or the payment of an aggregate sum of up to \$1,296,000 (**Director Payments**) to Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young (and/or their respective nominees), or a combination of Shares and cash such that the maximum aggregate financial benefit provided to these Directors does not exceed \$1,296,000.

The Director Shares and/or Director Payments are proposed to be provided to Messrs Hutchinson, Ismail and Young in consideration for past services performed by them as Directors of the Company. Since their respective appointments (Mr Ismail and Mr

Young in December 2016 and Mr Hutchinson in October 2017), each of these Directors have committed significant time and effort in restructuring and operating the Company (which does not have any full time employees or contractors), and seeking and considering various investment opportunities to facilitate the reinstatement of the Company to Official Quotation.

Mr Hutchinson resigned as Chairman of Mareterram Limited in November 2017 so that he could carry out these responsibilities on a full time basis as Executive Chairman. Since his appointment, Mr Peter Hutchinson has not received any director fees (or any other kind of remuneration or benefit) nor sought reimbursement for any expenses incurred in carrying out his responsibilities as Chairman. From the time of Mr Hutchinson's appointment until recently, Messrs Ismail and Young have also not received any director fees (or any other kind of remuneration or benefit) from the Company. It is now proposed that Mr Hutchinson will be remunerated for past services wholly through the issue of Shares and/or a cash payment, and Messrs Ismail and Young will be remunerated for past services partly through the issue of the Shares and partly through cash, as detailed in Section 10.4(f).

Subject to Shareholder approval, the Director Shares and/or Director Payments will be provided to Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young (and/or their respective nominees) as follows:

- (a) 15,500,000 Shares or \$837,000 to Mr Peter Hutchinson;
- (b) 4,250,000 Shares or \$229,500 to Mr Faldi Ismail; and
- (c) 4,250,000 Shares or \$229,500 to Mr Nicholas Young.

Each of Messrs Hutchinson, Ismail and Young may elect to receive a combination of Shares or a cash payment at their discretion provided that the total value of the financial benefit in Shares and cash received by each Director does not exceed the value of the Director Payments outlined above. As detailed in Section 5.4, Messrs Hutchinson, Ismail and Young have advised the Company that they will make this election having regard to the amount raised under the Public Offer to ensure that the Company will have total available funds of \$20,250,000 through existing cash reserves, the Debt Funding and the amount raised under the Public Offer. For example, if the Company only raises \$5,000,000 under the Public Offer, Messrs Hutchinson, Ismail and Young will elect to receive Shares (rather than cash) pursuant to Resolutions 10 to 12.

Resolutions 10 to 12 (inclusive) are ordinary resolutions. Resolutions 10 to 12 (inclusive) are subject to the approval of the Acquisition Resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolutions 10 to 12 (inclusive).

10.2 Listing Rule 10.11

A summary of Listing Rule 10.11 is contained in Section 9.3 above.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolutions 10 to 12 (inclusive) will be to allow the Company to issue the Director Shares to Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young (and/or their respective nominees) without using up the Company's 15% placement capacity under Listing Rule 7.1.

10.3 Section 208 of the Corporations Act

A summary of section 208 of the Corporations Act is contained in Section 9.2 above.

For the purposes of section 208 of the Corporations Act, Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young as Directors of the Company are each considered to be a related party of the Company.

The issue of the Director Shares and/or the Director Payments to Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young constitutes the provision of a financial benefit to related parties of the Company and the Board has determined that the Company will seek Shareholder approval for the purposes of section 208 of the Corporations Act.

10.4 Specific Information Required by Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to the approval to issue the Director Shares and/or the Director Payments to Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young (and/or their respective nominees):

- (a) the Director Shares will be issued and the Director Payments will be paid to each of Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young (and/or their respective nominees), each of whom is a Director;
- (b) the maximum financial benefit to be provided to each of the related parties (and/or their respective nominees) is as follows:
 - (i) \$837,000 cash or 15,500,000 Director Shares (or a combination of cash and Shares such that the maximum financial benefit does not exceed \$837,000, with each Director Share valued at \$0.054, determined based on the issue price of a Share under the Public Offer) to Mr Peter Hutchinson;
 - (ii) \$229,500 cash or 4,250,000 Director Shares (or a combination of cash and Shares such that the maximum financial benefit does not exceed \$229,500, with each Director Share valued at \$0.054, determined based on the issue price of a Share under the Public Offer) to Mr Faldi Ismail; and
 - (iii) \$229,500 cash or 4,250,000 Director Shares (or a combination of cash and Shares such that the maximum financial benefit does not exceed \$229,500, with each Director Share valued at \$0.054, determined based on the issue price of a Share under the Public Offer) to Mr Nicholas Young;
- (c) if the Directors elect to receive Director Shares:
 - (i) the Company will issue the Director Shares to Mr Peter Hutchinson, Mr Faldi Ismail and Mr Nicholas Young (and/or their respective nominees) no later than one month after the date of the Meeting (or such later date as ASX may permit);
 - (ii) the Director Shares will be issued in consideration for past services rendered by the (respective Directors) and will be issued for nil cash consideration;
 - (iii) the Director Shares will be fully paid ordinary shares in the capital of the Company, will be issued on the same terms and conditions as the Company's existing Shares, and will rank equally in all respects with the Company's existing Shares on issue;

- (iv) no funds will be raised from the issue of Director Shares as they are being issued in consideration for past services rendered by the Directors;
- (v) subject to Section 10.4(c)(i), the Company will issue the Director Shares on the date of completion of the Acquisitions;
- (d) a voting exclusion statement is included in the Notice;
- (e) the primary purpose of the grant of the Director Shares and/or the Director Payments to the Directors is to reward the directors for the considerable time and effort in restructuring and operating the Company, and assessing and conducting due diligence on various assets and businesses to facilitate the relisting of the Company on ASX;
- (f) the remuneration and emoluments from the Company to each of the following Directors for the current and previous years is set out below:

Name	FY 2019	FY 2018
Mr Peter Hutchinson	Nil	Nil
Mr Faldi Ismail	\$66,000 ¹	\$16,000 ²
Mr Nicholas Young	\$66,000 ¹	\$16,000 ²

¹ These fees have recently been paid, and together with the Director Shares, are intended to reward the Directors for the work they have done (and will do) since 2 November 2017 (being the date they agreed to suspend receiving Directors fees) to reinstatement of the Company on ASX.

² These fees are for the period 30 June 2017 to 1 November 2017. As noted earlier, the Directors agreed to suspend fees from that date to now.

- (g) at the date of this Notice, each Director has an interest in the following securities of the Company:

Name	Number of Shares	Percentage of Shares
Mr Peter Hutchinson (through Molonglo Pty Ltd)	16,978,955	12.46%
Mr Faldi Ismail	Nil	Nil
Mr Nicholas Young	Nil	Nil

- (h) if each Director elected to be issued Director Shares (and not receive any cash payment), the Director Shares will result in a dilution of all other Shareholders' holdings in the Company of approximately 9.21% (assuming a \$5 million Public Offer) or 8.06% (assuming a \$7 million Public Offer) following completion of the Acquisitions and Public Offer.

10.5 Board recommendation

The Board (in the absence of Messrs Hutchinson, Ismail and Young) recommends that Shareholders vote in favour of Resolutions 10 to 12 (inclusive). Messrs Hutchinson, Ismail and Young decline to make a recommendation on Resolutions 10 to 12 (inclusive) and as they have an interest in the issue of the Director Shares and do not consider it appropriate that they make a recommendation.

11. Resolutions 13 and 14 - Executive Performance Rights

Resolutions 13 and 14 seek Shareholder approval pursuant to Listing Rule 10.11 and section 200E of the Corporations Act to enable the issue of an aggregate of 10,000,000 Performance Rights to Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees) pursuant to their Executive Service Agreements associated with their appointments as Executive Directors of the Company following completion of the Acquisitions (**Executive Performance Rights**).

The Executive Performance Rights are intended as performance incentives for the executive directors to align their interests with the performance and success of the Company.

Subject to obtaining Shareholder approval, the 10,000,000 Executive Performance Rights will be issued to Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees) as follows:

- (a) 5,000,000 Executive Performance Rights to Mr Sheldon Burt; and
- (b) 5,000,000 Executive Performance Rights to Mr Chris Brophy.

The terms and conditions of the Performance Rights are set out in Schedule 3. As detailed in the Schedule, the performance conditions which must be met for the Executive Performance Rights to vest are linked to the growth in earnings per share of the Company, aligning the interests of Messrs Burt and Brophy to that of the Company and Shareholders.

Resolutions 13 and 14 are ordinary resolutions. Resolutions 13 and 14 are subject to the approval of the Acquisition Resolutions.

The Chairperson intends to exercise all available proxies in favour of 13 and 14 (inclusive).

11.2 Listing Rule 10.11

A summary of Listing Rule 10.11 is contained in Section 9.3 above. In respect of the issue of the Executive Performance Rights, Mr Sheldon Burt and Mr Chris Brophy are Directors and therefore are regarded as related parties of the Company for the purposes of Listing Rule 10.11.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolutions 13 and 14 will be to allow the Company to issue the Executive Performance Rights to Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees) without using up the Company's 15% placement capacity under Listing Rule 7.1.

11.3 Section 200B of Corporations Act

Chapter 2D of the Corporations Act restricts the benefits that can be given to individuals who hold a managerial or executive office (as defined in the Corporations Act) in

connection with the retirement from their position of employment in the company or its related bodies corporate. A person who holds a managerial or executive office includes a member of Key Management Personnel.

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain the approval of Shareholders in the manner set out in section 200E of the Corporations Act.

A benefit includes automatic, or accelerated, vesting of share-based payments for a person or the exercise of discretion to allow a person to maintain a benefit they would not otherwise be entitled to retain, on, or as a result of, retirement from their position of employment in the company.

As proposed Executive Directors of the Company, Mr Sheldon Burt and Mr Chris Brophy will become members of Key Management Personnel in the future.

The terms of the Executive Performance Rights provide the Board with the discretion to permit a holder of the Executive Performance Rights to continue to hold their Executive Performance Rights even if they cease to be employed by the Company (**Potential Retirement Benefits**).

The Board has formed the view that the Potential Retirement Benefits may constitute a benefit for the purposes of section 200B of the Corporations Act.

Accordingly, Resolutions 13 and 14 seek Shareholder approval for the purposes of section 200E for Potential Retirement Benefits which may arise in relation to the Executive Performance Rights issued to Mr Sheldon Burt and Mr Chris Brophy

11.4 Section 208 of Corporations Act

A summary of section 208 of the Corporations Act is contained in Section 9.2 above.

The Board (in the absence of Messrs Burt and Brophy) has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Executive Performance Rights as the exception in section 211 of the Corporations Act applies. The Executive Performance Rights are being granted as part of the remuneration arrangements for Mr Sheldon Burt and Mr Chris Brophy as Executive Directors of the Company and the issue is considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

11.5 Specific Information Required by section 200E of the Corporations Act

Pursuant to and in accordance with section 200E of the Corporations Act, the following information is provided in relation to the approval of the Potential Retirement Benefits associated with the Executive Performance Rights issued to Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees):

- (a) The value of any Potential Retirement Benefits relating to the Executive Performance Rights held by Mr Sheldon Burt and Mr Chris Brophy which may arise in connection with their retirement from a managerial or executive office cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value include:
 - (i) the number of Executive Performance Rights held prior to ceasing employment;
 - (ii) the circumstances of or reasons for ceasing employment with the Company;

- (iii) the length of service with the Company and the performance over that period of time;
 - (iv) any other factors that the Board determines to be relevant when exercising its discretion to provide Potential Retirement Benefits to Mr Sheldon Burt and Mr Chris Brophy; and
 - (v) the market price of the Company's Shares on ASX at the relevant time.
- (b) The Company will calculate the value of the benefit at the relevant time based on the above factors and using an appropriate valuation method having regard to market conditions at the time to value the Executive Performance Rights.

11.6 Specific Information Required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the approval to issue the Executive Performance Rights to Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees):

- (a) the Executive Performance Rights will be issued to each of Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees), each of whom is a Director;
- (b) the maximum number of Executive Performance Rights to be issued to each of the related parties (and/or their respective nominee) is as follows:
 - (i) 5,000,000 Executive Performance Rights to Mr Sheldon Burt; and
 - (ii) 5,000,000 Executive Performance Rights to Mr Chris Brophy;
- (c) the Company will issue the Executive Performance Rights to Mr Sheldon Burt and Mr Chris Brophy (and/or their respective nominees) no later than one month after the date of the Meeting (or such later date as ASX may permit);
- (d) the Executive Performance Rights will be issued as incentives to the Directors and will be issued for nil cash consideration. The exercise price of the Performance Rights will also be nil consideration;
- (e) the Executive Performance Rights will be issued on the terms and conditions in Schedule 3;
- (f) no funds will be raised from the issue of Executive Performance Rights as they are being issued as incentives to the proposed Executive Directors;
- (g) subject to Section 11.6(c), the Company will issue the Executive Performance Rights on or around the date of completion of the Acquisitions; and
- (h) a voting exclusion statement is included in the Notice.

11.7 Listing Rule Waiver

As noted in Section 5.6, Listing Rule 1.1, Condition 12 provides that if an entity has options on issue, the exercise price for each underlying security must be at least \$0.20. To the extent that ASX regards the Executive Performance Rights as an option with a \$0.00 exercise price, ASX has granted the Company a waiver from Listing Rule 1.1, Condition 12 to the extent necessary to permit the Executive Performance Rights to have an exercise price of less than \$0.20.

11.8 Board recommendation

The Board (in the absence of Messrs Burt and Brophy) recommends that Shareholders vote in favour of Resolutions 13 and 14. Messrs Burt and Brophy decline to make a recommendation on Resolutions 13 and 14 as they have an interest in the issue of the Executive Performance Rights and the Potential Retirement Benefits and do not consider it appropriate that they make a recommendation.

12. Resolution 15 - Issue of Options to Chairman

12.1 General

Resolution 15 seeks Shareholder approval pursuant to Listing Rule 10.11 and section 208 of the Corporations Act to enable the issue of 10,000,000 Options to Mr Peter Hutchinson (and/or his nominee). The Options will have an exercise price of \$0.054 per Option and will expire 5 years from the date of issue.

The Options are intended as performance incentives for Mr Hutchinson (who will remain as Chairman of the Company in a Non-Executive capacity following completion of the Acquisitions) to align his interests with the performance and success of the Company. The exercise price of the Options is the same as the Public Offer price, and as such the Company's Share price must increase from the Public Offer price for the Options to have any value.

The terms and conditions of the Options are set out in Schedule 4.

Resolution 15 is an ordinary Resolution. Resolution 15 is subject to the approval of the Acquisition Resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolution 15.

12.2 Listing Rule 10.11

A summary of Listing Rule 10.11 is contained in Section 9.3 above.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolution 15 will be to allow the Company to issue the Options to Mr Peter Hutchinson (and/or his nominee) without using up the Company's 15% placement capacity under Listing Rule 7.1.

12.3 Section 208 of Corporations Act

A summary of section 208 of the Corporations Act is contained in Section 9.2 above.

For the purposes of section 208 of the Corporations Act, Mr Peter Hutchinson is a related party of the Company and the issue of the Options to Mr Peter Hutchinson constitutes the provision of a financial benefit and the Board has determined that the Company will seek Shareholder approval for the purposes of section 208 of the Corporations Act.

12.4 Specific Information Required by Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with Listing Rule 10.13, section 219 of the Corporations Act and ASIC Regulatory Guide 76, the following information is provided in relation to the approval to issue the Options to Mr Peter Hutchinson (and/or his nominee):

- (a) the Options will be issued to Mr Peter Hutchinson (and/or his nominee) who is a Director;
- (b) the maximum number of Options to be issued to Mr Peter Hutchinson (and/or his nominee) is 10,000,000 Options (or such later date as ASX may permit);
- (c) the Company will issue the Options to Mr Peter Hutchinson (and/or his nominee) no later than one month after the date of the Meeting;
- (d) the Options will be issued as incentives to Mr Peter Hutchinson and will be issued for nil cash consideration. The exercise price of the Options will be \$0.054 per Option;
- (e) the Options will be issued on the terms and conditions in Schedule 4;
- (f) no funds will be raised from the issue of Options as they are being issued as incentives to Mr Peter Hutchinson;
- (g) subject to Section 12.4(c), the Company will issue the Options on or around the date of completion of the Acquisitions;
- (h) a voting exclusion statement is included in the Notice;
- (i) the value of each Option is 2.24 cents. The Company's advisors have prepared this valuation using the Hull-White valuation methodology. The valuation is based on the following assumptions:

Term:	5 years
Risk free rate:	1.39% (based on the 5 year government bond rate)
Volatility:	75%

Based on the above assumptions, the Options to be issued to Mr Peter Hutchinson are valued at \$240,500;
- (j) the primary purpose of the grant of the Options is to provide a performance linked incentive component in the remuneration package for Mr Peter Hutchinson and reward his performance as Chairman of the Company;
- (k) the remuneration received by Mr Peter Hutchinson for the current and previous years is set out in Section 10.4(f);
- (l) the interests held by Mr Peter Hutchinson as at the date of this Notice in the securities of the Company is set out in Section 10.4(g); and
- (m) if all the Options were to be exercised, the exercise of the Options will result in a dilution of all other Shareholders' holdings in the Company of approximately 3.70% (assuming of \$5 million Public Offer) or 3.25% (assuming a \$7 million Public Offer) following completion of the Acquisitions and Public Offer.

12.5 Listing Rule Waiver

As noted in Section 5.6, Listing Rule 1.1, Condition 12 provides that if an entity has options on issue, the exercise price for each underlying security must be at least \$0.20. The exercise price of the Options \$0.054. ASX has granted the Company a waiver from Listing Rule 1.1, Condition 12 to the extent necessary to permit the exercise price of the Options to be less than \$0.20.

12.6 Board recommendation

The Board (other than Mr Peter Hutchinson) recommend that Shareholders vote in favour of Resolution 15.

13. Resolution 16 - Election of Director - Sheldon Burt

Clause 15.3(b) of the Constitution gives the Directors authority to appoint a person as an additional Director. Mr Sheldon Burt was appointed a non-executive Director on 15 May 2019 to assist with implementation of the Acquisitions. If elected as a Director, Mr Burt will move into an Executive Director role following completion of the Acquisition.

Clause 15.3(b) of the Constitution states that a Director appointed under Clause 15.3(b) only holds office until the next general meeting and is eligible for re-election at that meeting. Accordingly, Mr Sheldon Burt will retire as a Director at the Meeting and being eligible seeks to be elected as a Director.

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

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

More recently, Mr Burt was General Manager of Easternwell Minerals and Gorey & Cole Drillers. Easternwell is subsidiary of Broadspectrum (formerly Transfield Services Ltd).

Resolution 16 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 16.

The Board (excluding Mr Sheldon Burt) unanimously supports the election of Mr Sheldon Burt as a Director.

14. Resolution 17 - Election of Director - Chris Brophy

Clause 15.3(b) of the Constitution gives the Directors authority to appoint a person as an additional Director. Mr Chris Brophy was appointed a non-executive Director on 15 May 2019 to assist with implementation of the Acquisitions. If elected as a Director, Mr Brophy will move into an Executive Director role following completion of the Acquisitions.

Clause 15.3(b) of the Constitution states that a Director appointed under Clause 15.3(b) only holds office until the next general meeting and is eligible for re-election at that meeting. Accordingly, Mr Chris Brophy will retire as a Director at the Meeting and being eligible seeks to be elected as a Director.

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

Mr Brophy currently holds the role of CEO for OnContractor and prior to this was Maintenance Services Director for the TRACE JV and Woodside Offshore Portfolio Manager Broadspectrum.

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

Resolution 17 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 17.

The Board (excluding Mr Chris Brophy) unanimously supports the election of Mr Chris Brophy as a Director.

15. Resolution 18 - Adoption of New Constitution

15.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 18 seeks Shareholder approval for the repeal of the Constitution and adoption of a new constitution (**New Constitution**) in accordance with section 136 of the Corporations Act.

Since the Company adopted the Constitution in 2007, there have been changes to the Corporations Act, the Listing Rules and other regulatory requirements. There have also been developments in corporate governance practices and policies. The Directors believe it is desirable to update the Constitution to reflect current corporate practice and to ensure it is in line with the present legislation and regulatory requirements in Australia. Rather than make numerous piecemeal amendments to the current Constitution, the Directors believe that it is preferable to repeal the current Constitution and replace it with the New Constitution.

The New Constitution contains a number of changes to the current Constitution, many of which are administrative or relatively minor in nature and will not result in any material change to the rights and obligations of Shareholders.

15.2 Summary of New Constitution

The key provisions of the New Constitution are summarised in Schedule 5.

15.3 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 18.

Resolution 18 is a special resolution. Accordingly, at least 75% of the votes cast by Shareholders present and eligible to vote at the Meeting must vote in favour of Resolution 18 for it to be passed.

The Chairman intends to exercise all available proxies in favour of Resolution 18.

16. Resolution 19 – Approval of Deeds of Indemnity, Insurance and Access

16.1 General

The purpose of Resolution 19 is to enable the Company to provide Mr Peter Hutchinson, Mr Sheldon Burt and Mr Chris Brophy (each an **Indemnified Person**) with a reasonable level of protection in relation to claims made against them in relation to the period of their Office.

Given the duties and responsibilities of each Indemnified Person and their potential liabilities, the Board considers it appropriate that each Indemnified Person be suitably protected from certain claims made against them. The proposed protection will not extend to the extent it is prohibited by the Corporations Act.

As each Indemnified Person may be called to account for their actions several years after ceasing to hold Office, it is considered reasonable that suitable protection should extend for a period of time after each Indemnified Person has ceased to hold Office.

It is generally recognised that an officer or former officer of a company may face considerable difficulty in properly answering or defending any claim made against him or her, particularly, as is often the case, where the claim is brought after the officer ceases to hold office. Difficulties may arise by reason of the following:

(a) No indemnity after cessation of Office

While a company's constitution provides officers with an indemnity in respect of claims made while they hold office, the indemnity arguably ceases if they cease to hold office and does not extend to cover roles as an office of a bodies corporate associated with the company. Without the benefit of an indemnity, the cost of defending such a claim in respect of the actions of an officer or former officer, even if the claim is ultimately proven to be without merit, can be considerable and beyond the financial resources of the individual officer.

(b) Maintenance of insurance policies

Officers' insurance policies generally only provide cover for claims made during the currency of the insurance policy. Generally, unless insurance premiums continue to be paid after the time an officer ceases to hold office, claims made after cessation of office will not be covered by the insurance policy. The cost to a former officer of personally maintaining insurance cover after ceasing to hold office can be prohibitive, particularly given the number of years for which insurance must be maintained and given the former officer is unlikely to be receiving income from the company.

(c) Access to Board papers

In accordance with section 198F of the Corporations Act, officers have a right to inspect the books of the Company:

- (i) whilst they hold office; and
- (ii) for seven years after ceasing to hold office,

at all reasonable times for the purposes of a legal proceeding to which the officer is a party, that the person proposes in good faith to bring or that the person has reason to believe will be brought against him or her.

Despite this statutory right, officers may require access to company documents which are relevant to the officer's office and not strictly required for the purpose of anticipated, threatened or commenced legal proceedings. Furthermore, although a proceeding may be instituted within six years after a cause of action arises, that six year period is calculated from the date the damage is found to have occurred – this may be long after the conduct which allegedly caused the damage occurred.

Given these difficulties a person may be unwilling to become or to remain as an officer of a company without suitable protection being provided by the company. The benefit to such company in providing such protection is that it will continue to be able to attract persons of suitable expertise and experience to act as officers.

Resolution 19 is an ordinary resolution.

Resolution 19 is subject to the approval of the other Acquisition Resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolution 19.

16.2 Summary of the Deed of Indemnity, Insurance and Access

The Company and each Indemnified Person has entered into a deed of indemnity, access and insurance (**Deed of Indemnity**) which, subject to Shareholder approval, requires:

- (a) the Company to indemnify each Indemnified Person during their Office and after the cessation of that Office, in respect of certain claims made against such person in relation to the period of his Office to the extent allowable under the Corporations Act;
- (a) the Company to indemnify each Indemnified Person in respect of all liabilities incurred by each Indemnified Person during the period of their Office to the extent allowable under the Corporations Act;
- (b) the Company to maintain an insurance policy and pay the premiums of insurance for each Indemnified Person to the extent available under the Corporations Act, in respect of all liabilities (including legal expenses) incurred by each Indemnified Person in relation to the period of his Office and to continue to pay those premiums for a period of up to seven years following the termination of their Office;
- (c) the Company to provide each Indemnified Person with access, upon ceasing for any reason to hold Office and for a period of up to seven years following that cessation, to any Company records which are either prepared or provided by the Indemnified Person during the period which the person held Office; and
- (d) the Company to provide each Indemnified Person with access for a period of up to seven years following the cessation of their Office, to any Company records which were either prepared or provided by the Indemnified Person during the period which they held Office.

16.3 Summary of indemnity and insurance provisions in the Corporations Act

In considering Resolution 19, please note the following limitations in the Corporations Act concerning the provision of indemnities and insurance to Company officers. The deeds for which Shareholder approval is sought under Resolution 19 comply with these limitations.

(a) Section 199A of the Corporations Act

The Corporations Act sets out specific prohibitions on the Company's ability to grant indemnities for liabilities and legal costs.

The Company is prohibited from indemnifying its officers against a liability if it is a liability:

- (i) to the Company and any of its related bodies corporate;
- (ii) to a third party that arose out of conduct involving a lack of good faith; or
- (iii) for a pecuniary penalty order or a compensation order under the Corporations Act (such orders being made for breaches such as breaches of director's duties, the related party rules and insolvent trading rules).

The Company is also prohibited from indemnifying its officers against legal costs incurred:

- (i) in defending actions where an officer is found liable for a matter for which he cannot be indemnified by the Company as set out immediately above;
- (ii) in defending criminal proceedings where the officer is found guilty;
- (iii) in defending proceedings brought by the ASIC or a liquidator for a court order if the grounds for making the order are found by the court to be established; or
- (iv) in connection with proceedings for relief to the director under the Corporations Act where the court denies the relief.

(b) Section 199B of the Corporations Act

If the Company, or a related body corporate of the Company, pays the premium on an insurance policy in favour of an officer, section 199B of the Corporations Act requires the Company to ensure that the relevant contract of insurance does not cover liabilities incurred by the officer arising out of conduct involving either:

- (i) a wilful breach of duty in relation to the Company; or
- (ii) contravention of the provisions relating to an officer making improper use of information or improper use of his or her position for his or her advantage or gain, or to the detriment of the Company.

16.4 Section 200B of the Corporations Act

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

Section 200B applies where the benefit is given to a person whose details are included in the Director's Report for the previous financial year. Details for each Indemnified Person were included in the 2017 Director's Report.

The Directors consider that as the:

- (a) proposed payment of insurance premiums;
- (b) benefit of the indemnity in relation to liabilities incurred during the period each Indemnified Person holds Office; and
- (c) access to Company records,

continue for a period of up to seven years after each Indemnified Person ceases to hold Office, each may be viewed as the provision of a benefit given "in connection with" the retirement for the purposes of section 200B of the Corporations Act.

16.5 Chapter 2E of the Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

For the purposes of section 208 of the Corporations Act, Mr Peter Hutchinson, Mr Sheldon Burt and Mr Chris Brophy are considered to be related parties of the Company.

The provision of insurance and indemnity to the Indemnified Persons, who are Directors, may involve the provision of a financial benefit to a related party of the Company within the prohibition in chapter 2E of the Corporations Act. However, the Directors (other than Mr Peter Hutchinson, Mr Chris Brophy and Mr Sheldon Burt) consider that the payment of insurance premiums and the provision of indemnities by the Company are "reasonable in the circumstances" of the Company and, therefore, are exceptions from the prohibition in section 208 of the Corporations Act and, as a result, Shareholder approval is not required for the purposes of Chapter 2E of the Corporations Act.

16.6 Board recommendation

The Board (other than Messrs Hutchinson, Burt and Brophy) recommend that Shareholders vote in favour of Resolution 19.

17. Resolution 20 – Section 195 Approval

In accordance with section 195 of the Corporations Act, a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

The Directors may have a material personal interest in the outcome of Resolution 10 to 12 (inclusive).

In the absence of this Resolution 20, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolution 10 to 12 (inclusive).

The Directors accordingly exercise their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

Resolutions 20 is an ordinary resolution.

Schedule 1 – Definitions and Interpretation

1. Definitions

In the Notice and this Explanatory Memorandum, unless the context otherwise requires:

Acquisition Resolutions means Resolutions 1 to 17 (inclusive).

Acquisitions means the Assets Acquisition and the Pentium Acquisition.

ASIC means the Australian Securities and Investments Commission.

Asset Sale Agreement has the meaning given in Section 5.3(a).

Assets means the assets described in Section 5.1.

Assets Acquisition means the acquisition of the Assets pursuant to the Asset Sale Agreement.

Associated Body Corporate means:

- (a) a body corporate that is a Related Body Corporate of the Company; or
- (b) a body corporate that has voting power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has voting power of not less than 20%

ASX means ASX Limited ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Limited.

Ausdrill means Ausdrill Northwest Pty Ltd.

Board means the board of Directors from time to time.

Chairperson means the person appointed to chair the Meeting convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Vysarn Limited ACN 124 212 175.

Constitution means the constitution of the Company.

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

Debt Financing has the meaning given in Section 5.4.

Deed of Indemnity has the meaning given in Section 16.2.

Director means any director of the Company and **Directors** means all of them.

Director Payments has the meaning given in Section 10.1

Director Shares has the meaning given in Section 10.1

Executive Director means an executive director of the Company.

Executive Performance Rights has the meaning given in Section 11.

Explanatory Memorandum means this explanatory memorandum.

Group Company means any one of the Company or Associated Body Corporate.

Indemnified Person has the meaning in Section 16.1.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rules means the official listing rules of the ASX (as amended from time to time).

Meeting has the meaning given in the introductory paragraph of the Notice.

New Constitution means the proposed new constitution of the Company.

Notice means the notice convening the Meeting and includes the agenda, Explanatory Memorandum and the Proxy Form.

Office means an office as an Officer.

Officer has the same meaning, as the context requires, given in paragraphs (a) and (b) of the definition of 'officer' of a corporation, or in paragraphs (a) and (b) of the definition of 'officer' of an entity that is neither an individual nor a corporation, in each case in section 9 of the Corporations Act.

Official List means the official list of the ASX.

Option means an option to acquire a Share.

Pentium means Pentium Hydro Pty Ltd.

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

Pentium Vendor means a holder of a share in the capital of Pentium, as detailed in Section 5.3(b).

Pentium Vendor Shares has the meaning given in Section 5.3(b).

Performance Rights means a performance right convertible into a Share having the terms and conditions detailed in Schedule 3.

Potential Retirement Benefits has the meaning given in Section 11.3

Prospectus has the meaning given in Section 5.4.

Proxy Form means the proxy form attached to the Notice.

Public Offer has the meaning given in Section 5.4.

Public Offer Shares has the meaning given in 8.1.

Remaining Conditions has the meaning given in Section 5.3(a).

Resolution means any resolution detailed in the Notice as the context requires.

Restricted Securities has the meaning defined in the Listing Rules.

Retention Period means the period commencing on the later of:

- (a) the date being 7 years before the date of the applicable Deed of Indemnity; or
- (b) the date of the incorporation of the Company or a Group Company,

and expiring on the date 7 years after the applicable Officer ceases to be an Officer.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

Securities means any Shares, Options or Performance Rights issued by the Company.

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

Share Sale Agreement has the meaning given in Section 5.3(b).

Shareholder means a registered holder of a Share.

WST means Western Standard Time, being the time in Perth, Western Australia.

2. Interpretation

In the Notice and this Explanatory Memorandum, headings and words in bold are for convenience only and do not affect the interpretation of the Notice and this Explanatory Memorandum and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in the Notice or this Explanatory Memorandum have a corresponding meaning;
- (d) a term not specifically defined has the meaning given to it (if any) in the Corporations Act;
- (e) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (f) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (g) a reference to a body (including, without limitation, an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

- (h) **“include”** and **“including”** are not words of limitation; and
- (i) **“\$”** is a reference to Australian currency.

Schedule 2 – Risk Factors

Shareholders should be aware that if the proposed Acquisitions are approved, the Company will be changing the nature and scale of its activities. Based on the information available, a non-exhaustive list of risk factors are as follows:

Specific Risks

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

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

Further, pursuant to ASX's long term suspended entities policy in ASX Guidance Note 33, ASX will automatically remove from the Official List any entity whose securities have been suspended from trading for a continuous period of three years. As the Company's securities have been suspended from official quotation since 14 July 2016, in the event the Acquisitions do not proceed, it will be removed from the Official List by ASX if it is unable to identify and acquire a suitable project or business prior to 14 July 2019. Given the indicative timetable, it is very unlikely that the Company will be able to complete an alternative transaction prior to 14 July 2019.

(b) Contractual and completion risk

Pursuant to the Asset Purchase Agreement and Share Sale Agreement, the Company has agreed to acquire the Assets and Pentium subject to fulfilment of certain conditions precedent. If any of the conditions precedent are not satisfied or waived, or any of the counterparties do not comply with their obligations, completion of the Acquisition may be deferred or not occur. Failure to complete the Acquisition would mean the Company may not be able to meet the requirements of ASX for re-quotation of its Securities, and the Company's listed securities will remain suspended from quotation until such time as the Company does re-comply with the Listing Rules.

Further, pursuant to ASX's long term suspended entities policy in ASX Guidance Note 33, in the event the Company is unable to proceed with the Public Offer or meet the requirements of Chapters 1 and 2 of the Listing Rules before 14 July 2019, it will be removed from the Official List.

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

(c) Dilution risk

The Company currently has 136,228,616 Shares on issue. On completion of the Acquisition, the Company proposes to issue Shares pursuant to the Share Sale

Agreement and in connection with the Public Offer, as well as the Director Shares, the Executive Performance Rights and the Options to the Chairman.

On completion of the Acquisitions, (assuming Mr Hutchinson, Mr Ismail and Mr Young elect to receive Shares pursuant to Resolutions 8 to 10 and \$5 million is raised under the Public Offer), the existing Shareholders will retain approximately 52.27% of the issued capital of the Company, the Pentium Vendors (and/or their nominees) will hold an aggregate of 2.99% (disregarding their possible participation in the Public Offer), the Director Shares will comprise 9.21% and the investors under the Public Offer will hold an aggregate of 35.53% of the issued capital of the Company.

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

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

(d) New Business

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

Further, as detailed in Section 5.2(d), the Company may seek to enter into new agreements with existing clients of Ausdrill's 'Connector Drilling' business. The Company considers that it will be ideally placed to enter into these new agreements as it will own the relevant Assets currently used to service these clients, however there can be no guarantee that such agreements will be entered into. All agreements will be subject to commercial negotiations, and clients may be resistive to the fact the services will be provided by a newly established business as opposed to Ausdrill, which is a large established business with a long operating history.

(e) Climate risk

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

(f) Demand risk

The Company's business depends on, among other things, the level of activity in the industries it will service, in particular the resources, construction and utilities industries. The level of activity in these industries will depend on a number of factors outside of the Company's control. A decline in the level of activity in these industries could impact on the demand for the services to be offered by the Company, which could affect its performance.

(g) Technology risk

The drilling industry (like many other industries) is subject to the risk that advances in technology could partly or completely displace existing assets or services. If new technology is developed that could offer the services to be provided by the Company in a

better or more efficient way, it could adversely affect the Company's ability to service clients and obtain new clients, which could affect its performance.

(h) Future capital requirements

The Company's growth through its hydrogeological drilling business and water management services solutions will require substantial expenditure. The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Company is able to secure and retain clients. The future capital requirements of the Company will depend on many factors including its business development activities. While the Company believes its available cash and the net proceeds of the Public Offer and Debt Funding should be adequate to fund its business development activities and other Company objectives in the short term as stated in this Notice, there can be no guarantees that it will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

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

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

(i) Liquidity Risk

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

(j) Environmental

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

(k) Operational risks and Asset conditions and maintenance

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

In addition to equipment failures, the Company will be exposed to information technology system failures, external services failure, industrial action or disputes and natural

disasters. The Company will take steps to mitigate these operations risks and to insure against them but cannot completely guard itself against these risks. Any disruption to the Company's intended operations could have an adverse impact on its performance.

(l) Failure of systems and processes

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

(m) Reliance on key management personnel and labour shortages

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

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

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

(n) Contractual disputes

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

(o) Competition

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

- (i) acquiring new assets to expand capacity (although lead times for acquiring Dual Rotary rigs can be significant);
- (ii) acquiring or developing technologies which give them a competitive advantage;

- (iii) lowering prices;
- (iv) increasing scale or range of products or services; or
- (v) undertaking strategic moves to combine or consolidate their business.

(p) **Insurance**

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

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

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

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

(q) **Occupational health and safety risk**

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

(r) **Resources industry and commodity pricing risk**

As detailed in Section 5.2, a key focus of the Company on completion of the Acquisitions will be on providing services to the resources industry. This industry is exposed to a number of factors including fluctuations in commodity prices and exchange rates. Commodity prices fluctuate and are affected by many factors beyond the control of the Company, including supply and demand for, technological advancements, forward selling activities and other macroeconomic factors. Any downturn in the resources industry may have an adverse effect on the operations and financial performance of the Company.

General Risks

(a) **Economic risks**

Changes in the general economic climate in which Company operates may adversely affect the financial performance of 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, as detailed in Section 5.1(a), 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 and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return to Shareholders arising from the transactions the subject of the Notice 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.

Schedule 3 – Terms and Conditions of Performance Rights

1. NUMBER OF PERFORMANCE RIGHTS AND ISSUE PRICE

- (a) The Company will grant Performance Rights to each of the following Holders for no cash consideration:
- (i) 5,000,000 Performance Rights to Mr Sheldon Burt (or his nominees); and
 - (ii) 5,000,000 Performance Rights to Mr Chris Brophy (or his nominees),
- (Executive Performance Rights).

2. EXPIRY DATE AND PERFORMANCE CONDITIONS

- (a) Each Performance Right shall expire 5 years from the date of grant of the Performance Right (**Expiry Date**).
- (b) Before the Performance Rights vest and can be exercised:
- (i) in relation to the Executive Performance Rights, the vesting conditions for each tranche of Executive Performance Rights is set out below:

Tranche	Number of Performance Rights to vest	Condition Test Date	Vesting Conditions
1	1,666,666	30 June 2022	<ul style="list-style-type: none">• Employment Condition• Cumulative EPS Condition
2	1,666,666	30 June 2023	
3	1,666,668	30 June 2024	

where the:

Employment Condition - means the holder of the Executive Performance Rights remains employed by the Company at the Condition Test Date; and

Cumulative EPS Condition - means the earnings per Share (EPS) based on the achievement of compound annual growth in the Company's EPS of 15% per annum from the financial year 30 June 2020, subject to a minimum EPS of \$0.01 for the financial year ending 30 June 2020. The EPS calculation will be based on the Company's cumulative net profit after tax up until the relevant Condition Test Date divided by the weighted average number of Shares on issue over the relevant period, taking into account any new Shares issued (or cancelled by the Company in the relevant period).

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

- (c) Subject to the satisfaction of the relevant Performance Conditions, the Executive Performance Rights will vest in equal proportions after the end of the financial years ending 30 June 2022, 30 June 2023 and 30 June 2024.
- (d) If the Performance Conditions for the Executive Performance Rights are not satisfied for the financial years ended 30 June 2020 or 30 June 2021 but subsequently

satisfied on a cumulative basis for the financial year ended 30 June 2022, then the Performance Conditions for the prior two financial years will also be deemed to have been satisfied.

- (e) The Board, in its sole discretion, will determine if the relevant Performance Condition has been satisfied.
- (f) If the Board determines, in its sole discretion, that the relevant Performance Condition has been satisfied prior to the earlier of the Condition Test Date (if any) or Expiry Date, then the Company shall notify the Holder in writing that the Performance Right has vested (such Performance Right being a **Vested Performance Right**).
- (g) The applicable Performance Rights shall immediately lapse and the Company shall notify the Holder of the same (however, any failure by the Company to make such notification will have no impact on the lapse of the applicable Performance Right(s)), if:
 - (i) any Performance Condition is not satisfied by the earlier of the Condition Test Date (if any) or Expiry Date; or
 - (ii) the Board determines in its sole discretion that any applicable Performance Conditions have not been met and cannot be met prior to the Condition Test Date (if any) or Expiry Date.

3. QUOTATION

The Performance Rights are not quoted. No application for the quotation of Performance Rights will be made by the Company.

4. EXERCISE OF VESTED PERFORMANCE RIGHTS

- (a) Subject to the remainder of this clause 4 and any adjustment prescribed hereby, the Vested Performance Right may be exercised at any time during the Exercise Period for that Vested Performance Right by giving the Company an Exercise Notice signed by the Holder.
- (b) The issue of Performance Right Shares to a Holder following the exercise of Vested Performance Rights is subject to such issue not contravening the Corporations Act, the Listing Rules, any Class Order on which the Company is reliant, the Securities Trading Policy or any other applicable law.
- (c) A Holder must exercise Vested Performance Rights in multiples of 1,000 or such other multiple as the Board determines unless the Holder exercises all Vested Performance Rights able to be exercised by the Holder at that time. The exercise by a Holder of only some of the Vested Performance Rights held by the Holder will not affect the Holder's right, during the relevant Exercise Period, to exercise at a later date Vested Performance Rights held by the Holder.
- (d) Following the exercise of Vested Performance Rights in accordance with clause 4(a), the Company must:
 - (i) issue the relevant number of Performance Right Shares to the Holder;
 - (ii) apply for official quotation on ASX of the Performance Right Shares within the period required by ASX; and

- (iii) if required to enable the Performance Rights Shares to be freely tradeable, subject to clause 4(e), within 5 Business Days of the issue of the Performance Right Shares under clause 4(i), issue a cleansing notice under section 708A(5) of the Corporations Act.
- (e) If the Company is not permitted to issue a cleansing notice under section 708A(5) of the Corporations Act within the time required under clause 4(d)(iii), or for any reason that cleansing notice is not effective to enable the Performance Right Shares to be freely tradable, the Company must either:
 - (i) issue a prospectus on the date that the Performance Right Shares are issued (in which case the date for issuing those Performance Right Shares may be extended to not more than 25 Business Days after the exercise of the Vested Performance Rights, to allow the Company time to prepare that prospectus); or
 - (ii) issue a prospectus before the date that the Performance Right Shares are issued, provided that offers under that prospectus must still be open for acceptance on the date those Performance Right Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.
- (f) Subject to clause 5(c), if the Holder dies during the term of a Vested Performance Right, the Holder's legal personal representative shall stand in the place of the Holder for the purposes of clause 4(d), subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a shareholder in respect of any Shares held by the Holder.
- (g) From and including the date of issue to a Holder of any Performance Right Shares, the Holder must not sell or transfer those Performance Right Shares if to do so would be in breach of the insider trading provisions of the Corporations Act (Part 7.10 Division 3), section 707(3) of the Corporations Act, any other applicable law or any Securities Trading Policy.
- (h) From and including the date of issue to a Holder of any Performance Right Shares the Holder shall:
 - (i) be the absolute indefeasible beneficial owner of those Performance Right Shares; and
 - (ii) subject to clause 4(g), the Corporations Act, the Listing Rules, any Securities Trading Policy, any Class Order on which the Company is relying or any other applicable law, be entitled to sell, transfer, dispose of, mortgage, pledge or otherwise deal with those Shares or any interest therein in every manner whatsoever.
- (i) Subject to clause 4(f), where the Holder dies or becomes bankrupt the legal personal representative of the deceased Holder or the trustee in bankruptcy of the bankrupt Holder, as the case may be, shall be the only person recognised as being entitled to the Performance Right Shares issuable to the Holder.
- (j) All Performance Right Shares will rank equally in all respects with all previously issued Shares at the time being on issue except as regards to any entitlements attaching to such Shares by reference to a record date that is prior to the date of issue of the Performance Right Shares.

5. FORFEITURE AND CESSATION AS AN ELIGIBLE PERSON IN RELATION TO EXECUTIVE PERFORMANCE RIGHTS

Lapse of a Performance Right

- (a) An unvested Performance Right will lapse upon the earliest of the events specified in clauses 2(g) and clauses 5(b), 5(c) and 5(d) (if applicable to that class of Performance Right) occurring.

Fraudulent or dishonest action

- (b) Unless the Board resolves otherwise, where, in the opinion of the Board, an Eligible Holder of Executive Performance Rights at any time:
 - (i) acts or has acted fraudulently or dishonestly; or
 - (ii) is in breach or has breached any of his or her obligations to the Company,

the Board may do one or more of the following:

- (iii) deem any unvested Executive Performance Rights of the Holder to have immediately lapsed;
- (iv) deem all or any Performance Right Shares issued to the Holder on the exercise of Executive Performance Rights to be forfeited, in which event the Holder will be deemed to either have:
 - (A) agreed to sell such Performance Right Shares to the Company pursuant to a share scheme buy-back (as defined in the Corporations Act) for no consideration; or
 - (B) appointed an officer of the Company as his or her agent to sell such Shares; and
 - (C) where any Performance Right Shares issued to the Holder on the exercise of Executive Performance Rights have been sold by the Holder, require the Holder to pay all or part of the net proceeds of that sale to the Company.

Ceasing to be an Eligible Person

- (c) Subject to clauses 5(d) and 5(e), where an Eligible Holder of Executive Performance Rights ceases to be an Eligible Person before the Executive Performance Rights then held by him become Vested Performance Rights by reason of his:
 - (i) death or total and permanent disability,
 - (ii) bona fide redundancy;
 - (iii) bona fide retirement, or
 - (iv) removal from a position of managerial or executive office (as defined in the Corporations Act) with the Company or a related body corporate (as defined in the Corporations Act),

unless the Board determines otherwise, in respect of those Executive Performance Rights which have not satisfied the Performance Condition but have not lapsed, the

Holder will be permitted to continue to hold those Executive Performance Rights as if the Eligible Holder was still an Eligible Person.

Ceasing to satisfy relevant conditions

(d) Without prejudice to clause 5(b), unless the Board determines otherwise:

- (i) if an Eligible Holder of Executive Performance Rights ceases to be an Eligible Person for any reason other than contemplated by clause 5(c); or
- (ii) if a Holder who is a Nominee ceases to meet the requirements to qualify as a Nominee,

all Executive Performance Rights then held by the Holder will lapse immediately.

When employment or engagement ceases

(e) Notwithstanding clause 5(c), and subject to all applicable laws, unless otherwise resolved by the Board, an Eligible Holder of Executive Performance Rights granted an approved leave of absence and who exercises their right to return to work under any applicable award, enterprise agreement, other agreement, statute or regulation before the exercise of an Executive Performance Right will be treated for the purposes of clauses 5(c) and 5(d) as not having ceased to be an Eligible Person.

6. TRANSFER OF RIGHTS

Except on the death of a Holder, Performance Rights may not be transferred, assigned or novated except with the prior approval of the Board.

7. SECURITY INTEREST

Subject to clause 6, Holders must not grant a Security Interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the underlying Performance Right Shares are issued to that Holder, and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company and shall at the election of the Board result in the Performance Rights being declared to lapse immediately.

8. DIVIDEND AND VOTING RIGHTS

Performance Rights will not confer upon the Holder the right to dividends or to vote as a Shareholder until the Vested Performance Rights have been exercised and the Performance Right Shares issued or transferred to the Holder.

9. TAKEOVER, SCHEME OF ARRANGEMENT AND CHANGE IN CONTROL

- (a) If any of the following events occurs, or the Board determines that such event is likely to occur:
- (i) the Company announcing that its Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement;

- (ii) a Takeover Bid:
 - (A) is announced;
 - (B) has become unconditional; and
 - (C) the person making the Takeover Bid has a Relevant Interest in 50% or more of the Shares;
- (iii) any person acquires a Relevant Interest in 50.1% or more of the Shares by any other means; or
- (iv) any person acquires Control of the Company,

the Board may in its absolute discretion immediately declare all Performance Rights which have not lapsed in accordance with their terms and conditions as Vested Performance Rights or deal with the Performance Rights in such other manner that allows the holder of the Performance Right to participate in and/or benefit from any of the above events.

10. PRO RATA ISSUE OF SECURITIES

- (a) If during the term of any Performance Right, the Company makes a pro rata issue of securities to the Shareholders by way of a rights issue, a Holder shall not be entitled to participate in the rights issue in respect of any Performance Rights, only issued Performance Right Shares.
- (b) A Holder will not be entitled to any adjustment to the number of Performance Right Shares he is entitled to or adjustment to any Performance Condition which is based, in whole or in part, upon the Company's share price, as a result of the Company undertaking a rights issue.

11. ADJUSTMENT FOR BONUS ISSUE

If, during the term of any Performance Right, securities are issued pro rata to Shareholders generally by way of bonus issue, the number of Performance Right Shares to which each Holder is then entitled, shall be increased by that number of securities which the Holder would have been issued if the Performance Rights then held by the Holder were exercised immediately prior to the record date for the bonus issue.

12. ADJUSTMENT FOR RECONSTRUCTION

In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company (not being a reconstruction referred to in clauses 10 and 11 above), the number of Performance Rights shall be reconstructed (as appropriate) in accordance with the Listing Rules (applying at that time) and in a manner which will not result in any additional benefits being conferred on a Holder which is not conferred on holders of Shares generally, but in all other respects the terms of exercise will remain unchanged.

13. ACCUMULATION OF ADJUSTMENTS

Clauses 10, 11 and 12 are cumulative and shall apply (without duplication) to successive issues, subdivisions, combinations, consolidations, distributions and any other events that require adjustment of the number of Shares or the number or kind of securities that can be acquired upon the exercise of Performance Rights.

14. PARTICIPATION IN NEW ISSUES

There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Performance Rights.

15. DEFINITIONS

Class Order means an instrument issued by ASIC that, among other things, exempts a person(s) from compliance with certain provisions of the Corporations Act, or other acts administered by ASIC.

Control has the meaning given in section 50AA of the Corporations Act.

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

Eligible Person means an employee, director or contractor of the Company or a related body corporate (as defined in the Corporations Act) or such other person as determined by the Board to be an Eligible Person.

Eligible Holder means Mr Sheldon Burt or Mr Chris Brophy (as the case requires).

Exercise Notice means a duly completed exercise notice of a Vested Performance Right signed by the Eligible Holder.

Exercise Period subject to clause 4, means the period up to the Expiry Date during which a Vested Performance Right may be exercised.

Expiry Date has the meaning given in clause 2(a).

Holder means an Eligible Holder or, where the Eligible Holder directed their Performance Rights to be held by a Nominee, that Nominee.

Performance Condition has the meaning given in clause 2(b).

Performance Right means a right granted on the terms and conditions in this Schedule to be issued one Share.

Performance Right Share means, in respect of any Performance Right, the Share a Holder is entitled to subscribe for, or take a transfer of, by reason of the grant to him of that Performance Right, including any securities resulting from an adjustment made thereto pursuant to the terms and conditions of the Performance Right.

Relevant Interest has the meaning given in the Corporations Act.

Security Interest means any mortgage, pledge, charge, lien, encumbrance, assignment, security, interest, preferential right, set-off or any other security arrangement.

Securities Trading Policy means any policy established by the Company applicable to trading in securities of the Company.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Takeover Bid has the meaning given to that term in section 9 of the Corporations Act.

Vested Performance Right subject to clause 9, has the meaning given in clause 2(f).

Schedule 4 – Terms and Conditions of Options

1. Entitlement

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

2. Exercise Price

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

3. Expiry Date

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

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

4. Exercise Period

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

5. Notice of Exercise

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

6. Exercise Date

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

7. Timing of issue of the Shares on exercise

Within 15 Business Days after the later of the following:

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

the Company will:

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

- (e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

8. Shares issued on exercise

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

9. Quotation of the Shares issued on exercise

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

10. Reconstruction of capital

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

11. Participation in new issues

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

12. Adjustment for bonus issues of Shares

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

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

13. Adjustment for rights issue

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

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

O = the old Exercise Price of the Option.

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

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

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

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

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

14. Unquoted

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

15. Transferability

The Options are non-transferable.

Schedule 5 - Summary of New Constitution

1. Shares

The issue of Shares and Options by the Company is under the control of the Directors, subject to the Corporations Act, Listing Rules and any rights attached to any special class of Shares.

2. Preference Shares

The Corporations Act requires certain rights of preference shares to be either set out in the constitution or approved in general meeting by special resolution before preference shares are issued.

The New Constitution sets out a framework of rights for preference share issues from which the Board can determine to issue preference shares, without the need to obtain further Shareholder approval every time an allotment of preference shares is proposed. Schedule 6 to the New Constitution contains the framework as well as specific rights of preference shares as to the repayment of capital, requirements for redemption (if the preference shares are redeemable), participation in surplus assets and profits, voting rights and priority of payment of capital and dividends. Other specific terms, including the dividend amount, the redemption date (if applicable) and redemption amount (if applicable), would be set by the issuing resolution of the Directors.

3. Reductions of Capital

The New Constitution is consistent with the Corporations Act requirements which must be satisfied by the Company in undertaking an alteration of capital.

4. Liens

If the Company issues partly paid Shares and a call made on those shares is unpaid, the Company will have a lien over the shares on which the call is unpaid. The lien may be enforced by a sale of those shares. The powers of the Company in relation to calls, company payments, forfeiture and liens are set out in schedule 2 to the New Constitution.

5. Transfer of Shares

The Company may participate in any clearing and settlement facility provided under the Corporations Act, the Listing Rules and the ASX Settlement & Transfer Corporation Pty Ltd (**ASTC**) Operating Rules. Transfers through ASTC are effected electronically in ASTC's Clearing House Electronic Sub register System (**CHESS**). For the purposes of the Company's participation in the CHESS, the Company may issue holding statements in lieu of share certificates. The Company will not charge any fee for registering a transfer of shares. The Directors may refuse to register a transfer of shares in the circumstances permitted or required under the Corporations Act and Listing Rules.

6. Proportional Takeovers

A proportional takeover bid is one in which the offer or offers only to buy a specified proportion of each Shareholders' shares.

The New Constitution provides for Shareholder approval of any proportional takeover bid for the shares. Subject to the Listing Rules and ASTC Operating Rules, the provisions require the Directors to refuse to register any transfer of shares made in acceptance of a proportional takeover offer until the requisite Shareholder approval has been obtained.

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority

interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. The proportional takeover provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

At the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

The perceived advantages of including proportional takeover provisions in a constitution are that such provisions may:

- (iii) enhance the bargaining power of Directors in connection with any potential sale of the Company;
- (iv) improve corporate management by eliminating the possible threat of a hostile takeover through longer term planning;
- (v) make it easier for Directors to discharge their fiduciary and statutory duties to the Company and its Shareholders to advise and guide in the event of a proportional bid occurring; and
- (vi) strengthen the position of Shareholders of the Company in the event of a takeover, assuming the takeover will result in a sharing of wealth between the offeror and Shareholders, as the more cohesive Shareholders are in determining their response the stronger they are. A requirement for approval can force Shareholders to act in a more cohesive manner. Where Shareholders know that a bid will only be successful if a specified majority of Shareholders accept the offer, they have less to fear by not tendering to any offer which they think is too low.

The perceived disadvantages of including proportional takeover provisions in a constitution include the following:

- (i) a vote on approval of a specific bid suffers from a bias in favour of the incumbent Board;
- (ii) the provisions are inconsistent with the principle that a share in a public company should be transferable without the consent of other Shareholders; and
- (iii) a Shareholder may lack a sufficient financial interest in any particular company to have an incentive to determine whether the proposal is appropriate.

To comply with the Corporations Act, the proportional takeover provisions must be renewed by Shareholders in general meeting at least every 3 years to remain in place.

While the proportional takeover provisions were in effect under the existing Constitution, there were no proportional takeover bids for the Company. Therefore, there has been no example against which to review the advantages or disadvantages of the provisions for the Directors and the Shareholders, respectively, during this period.

The proportional takeover provisions are contained in schedule 5 to the New Constitution.

7. Alterations of share capital

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

8. Buy Backs

The Company may buy back shares in itself on terms and at such times determined by the Directors.

9. Disposal of less than a Marketable Parcel

For the sake of avoiding excessive administration costs, the New Constitution contains provisions enabling the Company to procure the disposal of Shares where the Shareholder holds less than a marketable parcel of shares within the meaning of the Listing Rules (being a parcel of shares with a market value of less than \$500). To invoke this procedure, the Directors must first give notice to the relevant Shareholder holding less than a marketable parcel of shares, who may then elect not to have his or her shares sold by notifying the Directors.

The provisions relating to unmarketable parcel are contained in schedule 4 to the New Constitution.

10. Variation of class rights

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.

11. Meetings of Shareholders

Directors may call a meeting of Shareholders whenever they think fit. Shareholders may call a meeting as provided by the Corporations Act. The New Constitution contains provisions prescribing the content requirements of notices of meetings of Shareholders and all Shareholders are entitled to a notice of meeting. Consistent with the Corporations Act, a meeting may be held in two or more places linked together by audio-visual communication devices. 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.

12. Voting of Shareholders

Resolutions of Shareholders will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. On a poll each eligible Shareholder has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

13. Proxies

An eligible Shareholder may appoint a proxy to attend and vote at the meeting on the Shareholder's behalf. The New Constitution contains provisions specifying the manner of lodgement of proxy instruments. A Shareholder may appoint an individual or corporation to act as its representative.

14. Directors

Unless changed by the Company in general meeting, the minimum number of directors is 3 and no maximum number is specified. The Directors and the Company may at any time appoint any person as a Director. Any such Director must retire at the next following annual general meeting of the Company (at which meeting he or she may be eligible for re-election as director). No Director other than the Managing Director may hold office for longer than 3 years without submitting himself or herself for re-election.

15. Powers of Directors

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

16. Remuneration of Directors

The Company may pay non-executive Directors a maximum of the total amount as determined by the Shareholders in General Meeting and such sum must not be paid by way of commission on, or percentage of, profits or operating revenue.

The remuneration of executive Directors will be subject to the provisions of any contract between each of them and the Company and may be by way of commission on, or percentage of, profits of the Company, but will not be by way of commission on, or percentage of, operating revenue.

17. Execution of documents

In accordance with the Corporations Act, the Constitution provides for execution of documents by the Company without the use of the Company's company seal.

18. Dividends

The Directors may fix the amount, the time for payment and the method of payment of a dividend. Subject to any special rights attaching to shares (such as preference shares), dividends will be paid proportionately. The Company is not required to pay any interest on dividends.

19. Indemnities and insurance

To the extent permitted by law, the Company indemnifies every person who is or has been a Director or Secretary of the Company against a liability incurred by that person in his or her capacity as a Director or secretary. A similar indemnity is provided in respect of legal proceedings. The Company may also pay the premiums on directors' and officers' liability insurance.

Schedule 6 – Pro Forma Consolidated Statement of Financial Position

	Vysarn Limited Reviewed Balance Sheet at 31 December 2018	Share Sale Agreement (Pentium Hydro) (Equity) (1)	Purchase of Assets (Asset Sale Agreement) (2)	Issue of shares to existing directors (3)	Cash payment to existing directors (3) (4)	Debt Funding Arrangement (\$8m) (4)	Debt Funding Arrangement (\$6m) (4)	Issue of Options and Elimination of Investment (5) &(6)	Capital raise issue of 92,592,593 shares at \$0.054 (net of cost) (7)	Capital raise issue of 129,629,630 shares at \$0.054 (net of cost) (7)	Unaudited Proforma on completion of transaction (\$5m equity and \$8m debt, issue of shares) AUD	Unaudited Proforma on completion of transaction (\$7m equity and \$6m debt, issue of shares) AUD	Unaudited Proforma on completion of transaction (\$7m equity and \$8m debt, cash payment) AUD
Current Assets													
Cash and cash equivalents	7,372,334	-	(17,610,000)	-	(1,296,000)	8,000,000	6,000,000	-	4,110,000	5,980,000	1,872,334	1,742,334	2,446,334
Trade and other receivables	14,382	-	1,610,000	-	-	-	-	-	-	-	1,624,382	1,624,382	1,624,382
Inventory	15,045	-	3,000,000	-	-	-	-	-	-	-	3,015,045	3,015,045	3,015,045
Total Current Assets	7,401,761	-	(13,000,000)	-	(1,296,000)	8,000,000	6,000,000		4,110,000	5,980,000	6,511,761	6,381,761	7,085,761
Non-Current Assets													
Property, plant and equipment	-	-	13,000,000	-	-	-	-	425,000	-	-	13,425,000	13,425,000	13,425,000
Investment in Subsidiary	-	425,000	-	-	-	-	-	(425,000)			-	-	-
Total Non-Current Assets	-	425,000	13,000,000	-	-	-	-	-	-	-	13,425,000	13,425,000	13,425,000
TOTAL ASSETS	7,401,761	425,000	-	-	(1,296,000)	8,000,000	6,000,000	-	4,110,000	5,980,000	19,936,761	19,806,761	20,510,761
Current Liabilities													
Trade and other payables	18,635	-	-	-	-	-	-	-	-	-	18,635	18,635	18,635
Total Current Liabilities	18,635	-	-	-	-	-	-	-	-	-	18,635	18,635	18,635

Non-Current Liabilities													
Borrowings	-	-	-	-	-	8,000,000	6,000,000	-	-	-	8,000,000	6,000,000	8,000,000
Total Non-Current Liabilities	-	-	-	-	-	8,000,000	6,000,000	-	-	-	8,000,000	6,000,000	8,000,000
TOTAL LIABILITIES	18,635	-	-	-	-	8,000,000	6,000,000	-	-	-	8,018,635	6,018,635	8,018,635
NET ASSETS	7,383,126	425,000	-	-	(1,296,000)	-	-	-	4,110,000	5,980,000	11,918,126	13,788,126	12,492,126
EQUITY													
Issued capital	29,912,298	425,000	-	1,296,000	-	-	-	4,599,769	6,466,110		36,233,067	38,099,408	36,803,408
Reserves	-	-	-	-	-	-	-	240,500	-	-	240,500	240,500	240,500
Accumulated losses	(22,529,172)	-	-	(1,296,000)	(1,296,000)	-	-	(240,500)	(489,769)	(486,110)	(24,555,441)	(24,551,782)	(24,551,782)
TOTAL EQUITY	7,383,126	425,000	-	-	(1,296,000)	-	-	-	4,110,000	5,980,000	11,918,126	13,788,126	12,492,126

Notes

(1) Issue of 7,800,000 Pentium Vendor Shares in consideration for the acquisition by the Company of 100% of the issued shares in Pentium Hydro Pty Ltd.

(2) Payment of \$16m cash plus GST and stamp duty, fair value of assets on recognition, in consideration for the acquisition by the Company of the Ausdrill Assets. Assets acquired include PPE (~\$13m) and Inventory (~\$3m)

(3) Issue of Shares or cash to Mr Hutchinson, Mr Ismail and Mr Young, in consideration for past services provided by these Directors. These Directors may elect **either** to receive (in aggregate) the issue of 24,000,000 Shares **or** a cash payment (in aggregate) of \$1,296,000 **or** a combination of cash and Shares provided the maximum value to be provided to them (in aggregate) does not exceed \$1,296,000. In determining this, the Shares shall have a value of \$0.054 per Share, being the issue price of Shares under the Public Offer.

(4) In connection with the Acquisitions, the Company will seek Debt Funding of between \$6,000,000 and up to \$8,000,000 as part of the Company's finance strategy.

(5) Elimination of Pentium investment.

(6) Issue of 10,000,000 options to Mr Peter Hutchinson (or his nominee) to incentivise him in respect of his role as Chairman of the Company following completion of the Acquisitions. Options exercisable at \$0.054 within 5 years.

(7) Capital raise under the Public Offer to raise not less than \$5 million (before costs) through the issue of 92,592,593 shares at \$0.054 per Share, and up to \$7 million through the issue of 129,629,630 Shares at \$0.054 per Share to raise \$7,000,000 (before costs).



Vysarn Limited | ACN 124 212 175

GM Registration Card

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Vote by Proxy: VYS

Your proxy voting instruction must be received by **9.00am (WST) on Wednesday, 3 July 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



