

VYSARN
LIMITED



Investor Presentation

October 2021

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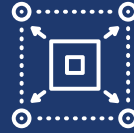
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The Path to Vertical Integration



Established Operations FY2020

- Vysarn Limited ('Vysarn' or 'the Company') acquired hydrogeological drilling assets from Ausdrill Limited (now Perenti Ltd) via its wholly owned subsidiary Pentium Hydro Pty Ltd ('Pentium Hydro').
- Assets acquisition only (no contracts or personnel).
- Relisted on ASX September 2019.
- Established experienced executive and operational team.
- Initiated operations and executed contracts servicing tier-1 miners.



Expanded Operations FY2021

- Enhanced and expanded operations, delivering sustainable profitability.
- Attracted additional highly experienced management and operational personnel.
- Increased rig fleet to 12.
- Executed multi-year Master Service Agreements (MSA) with Fortescue Metals Group Limited and Roy Hill Iron Ore.
- Defined a clear growth strategy and positioned the Company to become a vertically integrated water service provider.



Enhanced & Vertically Integrated FY2022

- Delivering operational excellence.
 - Realised opportunities to achieve full utilisation of rig fleet.
 - Enhanced profitability via standardised and predictable contracts.
- Transitioned to a vertically integrated water service provider**
- Acquisition of Yield Test Pumping ('Yield').
 - Provides low-risk entry into the water vertical with strong growth potential.
 - Active assessment of additional acquisition opportunities ongoing.

About Yield Test Pumping

About Yield Test Pumping

Yield is a leading provider of tailor-made test-pumping solutions to tier-1 clients in Western Australia. Utilising significant experience, innovative test pumping equipment and live data collection solutions, Yield's data accurately characterises aquifer parameters, individual well and bore-field performance.

The robust, valid and statistically significant groundwater data produced from test pumping services is critical for the construction and management of large scale, complex and consistently evolving bore fields.

Premium pump testing equipment

Yield's fleet of all terrain, test pump testing equipment consists of:

- Fully automated purpose-built truck mounted test pumping unit.
- Multiple submersible pumps.
- 330KVA generator.
- Full complement of support vehicles and ancillary equipment.



Remote access & monitoring tech

Yield's advanced remote access technologies allow remote:

- Selection of specific pump tests.
- Viewing of real-time test pumping data.
- Interpretation of aquifer properties with an overlay of hydrographs.
- Adjustment of testing parameters.



Anticipated Annualised EBITDA*

\$700,000 - \$800,000

Asset Utilisation

100%

Personnel

5

Key Client



Type

Master Service Agreement

Length

2 + 1 years

Previous Clients

RioTinto



NOVO RESOURCES CORP



srk consulting

* Annualised budgeted EBITDA for Yield (for the first 12 months of operations) under Vysarn ownership pre performance incentives for Yield management.

The Importance of Test Pumping

Test pumping is the next service in the water vertical, occurring immediately after a well is drilled and cased

What is test pumping?

- Controlled abstraction of groundwater from a well and measurement of the pumping rate, water levels within the well and nearby observation wells.
- Measurement of drawdown (or recovery) in water levels relative to the pumping rate allowing the hydraulic characteristics of the aquifer to be evaluated.

The importance of test pumping

Test pumping data answers the following critical questions:

- The expected water yield from the well.
- The most efficient pump to deliver the water supply.
- Effect on the aquifer and nearby wells.
- The aquifer's hydraulic properties (transmissivity, permeability, storativity).
- Optimal pumping rates required for dewatering.
- Assessing effects of pumping on nearby environmental features (creeks, wetlands, neighbouring groundwater users).
- Assessing effects of environmental changes on the well.

Five Critical Tests

Calibration test

Preliminary testing to guide the following phases

Step-test

Testing various pump rates to determine well efficiency

Constant rate test

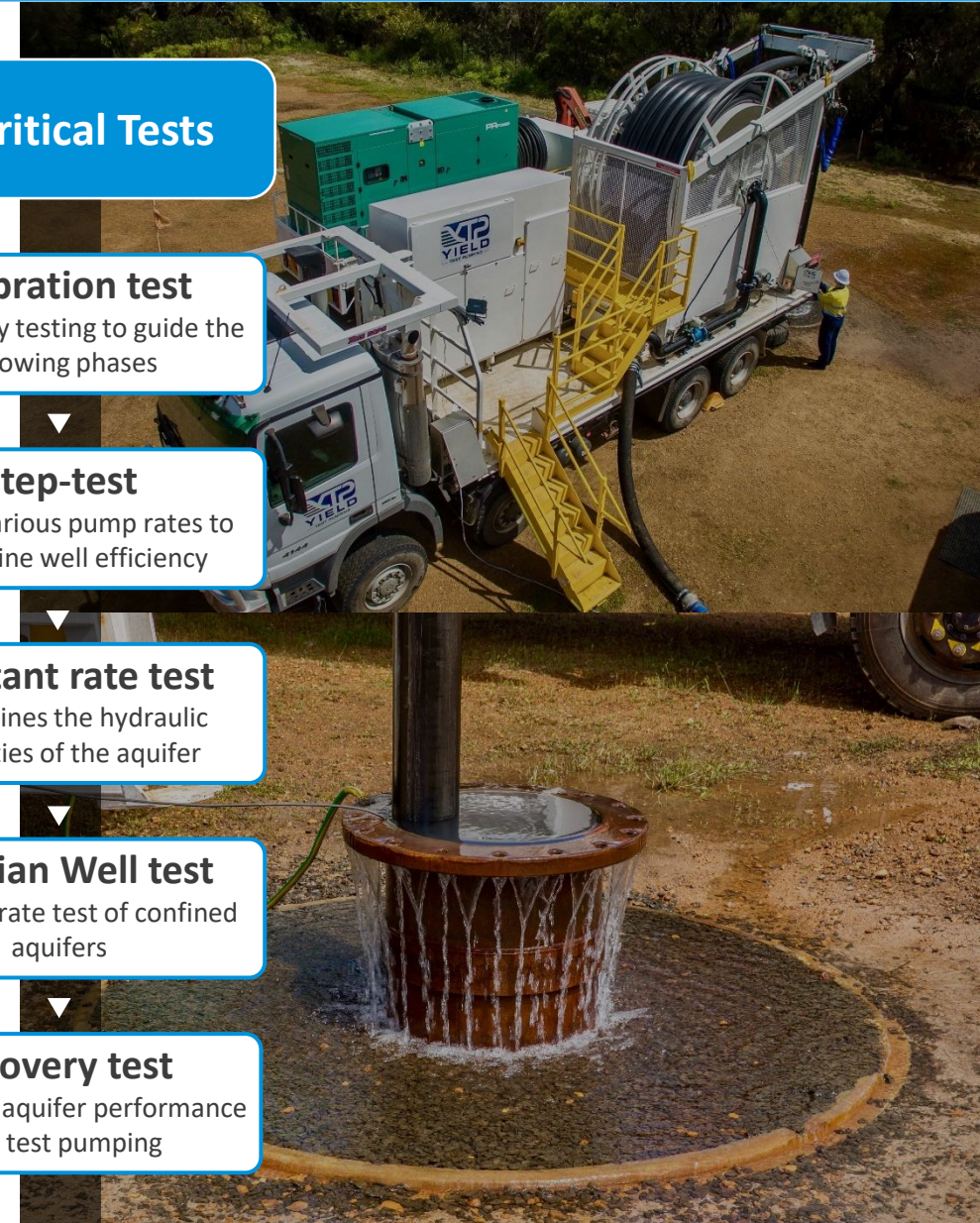
Determines the hydraulic properties of the aquifer

Artesian Well test

Free flow rate test of confined aquifers

Recovery test

Monitoring aquifer performance post test pumping



Acquisition Rationale



The next service in the vertical

The next service

Pump testing occurs immediately after a well is drilled and cased.

Requested by clients

The integration of these services has been requested by Vysarn's major clients and prospective clients.

Vysarn can now provide an integrated service of drilling and test pumping services.



Strong clients & relationships

Shared key client

Both Pentium Hydro and Yield have Master Service Agreements with Fortescue Metals Group Limited.

Strong track-record

Yield has also contracted to tier-1 clients such as Rio Tinto, highlighting their premium and certified service offering.



Foundation for staged expansion

Strong Foundation

Yield has established a strong foundation for growth.

Operating as a founder owned private company, Yield has been naturally capital constrained.

Clear growth strategy

Integration into Vysarn will facilitate staged expansion to meet ongoing and increasing demand.



Lower risk vs. organic entry

Optimal scale for entry

Acquisition of Yield presents a lower risk avenue to enter test pumping given that Yield comes with:

- Highly experienced team
- Quality contracts & relationships
- Premium equipment and technological systems
- Robust foundation capable of delivering scalable growth



Highly experienced with aligned culture

Highly experienced

The Yield management team possesses significant test pumping and hydrogeological experience.

Aligned vision & culture

Yield founder is aligned with Vysarn's vision of building a specialised end-to-end water service provider of significant scale.

Acquisition Summary

Deal Value
\$2.875 million*

Cash Consideration
\$2.50 million

+

Scrip Consideration
5.0 million shares

Key Terms of Acquisition

- Vysarn will acquire 100% of the issued shares in Yield via a Share Sale Agreement ('SSA').
- Yield to be acquired debt-free with the acquisition including the business operations, contracts, tangible assets, working capital, intellectual property, transferring employees, goodwill and sufficient inventory to support ongoing operations.
- Effective transaction date of 30 September 2021 with SSA condition precedents to be satisfied or waived by no later than 30 November 2021.
- Cash consideration adjustment mechanism within the SSA relating to agreed and targeted working capital of \$150k and debt of \$0 at completion.
- Managing Director and majority shareholder of Yield, Mr Dwayne Moppett, agreed to executive employment agreement for a term of three years to lead and grow the business.
- Mr Moppett's share consideration voluntarily escrowed for 12 months.

Targeted Annualised EBITDA
\$700,000 – \$800,000[^]

Transaction EV/EBITDA
~4X

Acquisition Timetable

Binding Agreement	29 Sept 2021
Revenue Recognition (from)	1 Oct 2021
Expected Completion Date (by no later)	30 Nov 21

*Based on closing share price of \$0.075 as at 29 September 2021 which was the execution date of binding Share Sale Agreement [^]Before Yield management performance incentives as disclosed in ASX release Acquisition of Yield Test Pumping 30 September 2021



STRATEGY & OUTLOOK

Yield Growth Strategy

Yield presents a robust foundation capable of delivering significant growth and sustainable returns

Cross selling to Pentium Hydro clients

- Vysarn will become an integrated provider of hydro drilling and test pumping services.
- Strong inbound interest from existing and prospective clients for the provision of integrated test pumping services.
- Satisfying the test pumping requirements aligned to Pentium Hydro’s current contracts.
- Yield has previously serviced notable tier-1 clients, which will enhance Vysarn’s prospects of executing new multi-year MSAs for integrated services.

Test pumping fleet expansion

- Yield’s test pumping fleet is currently fully utilised under a MSA with FMG.
- Staged test pumping suite expansion planned to target specific client needs and market demand. Expansion to be undertaken via the design and construction of additional truck mounted automated test pumping units.

Operational excellence to deliver optimised returns

- Aggressive BDM, targeting MSAs and contracts that provide multi year work.
- Standardised and predictable structured contracts to achieve earnings from all operating activities.
- Maximise return on net operating assets.

Client	Pentium Hydro	Yield
	✓	✓
	✓	-
	✓	-
	✓	-
	✓	-

Client

“With the acquisition of Yield, Vysarn is executing on its vision to become a pre-eminent whole of life end-to-end water service provider”

James Clement – Vysarn CEO & MD

FY2022

Vertically Integrated Water Services Provider

- EBITDA \$10m+*.
- Integrate Yield Test Pumping and initiate staged growth strategy.
- Maintain full asset utilisation across Yield and Pentium Hydro.
- Execute/expand MSAs with Tier-1 client(s).
- Implement double shifting of a percentage of assets in drilling business.
- Execute additional organic entry or acquisition of vertical opportunity.
- Target company transformational acquisitions in water services across Australia.

FY2023+

Large Diversified Water Services Provider

- EBITDA – Targeting sustained YoY growth.
- Continue staged expansion of test pumping offering (and other entries into the vertical).
- Aspirational large scale horizontal or vertical acquisition.
- Positioned as preeminent player in hydrogeological drilling space.
- Establish position as a major contractor in the whole of life end to end water service vertical.

Growth via Vertical Integration

Vysarn is focused on continuing to build value, scale and diversity through organic growth and strategic acquisitions

The acquisition of Yield Test Pumping is the first step in Vysarn's vertical integration strategy. Importantly it meets all Vysarn's acquisition criteria:

- ✓ Asking price is fair relative to earnings.
- ✓ Clear group strategic rationale (i.e. service demanded by client base).
- ✓ Acquisition comes with quality management and industry expertise.
- ✓ Earnings are sustainable, with realistic growth prospects.
- ✓ Potential to be immediately earnings accretive.

Vysarn is actively assessing additional upstream and downstream opportunities within the 'four stages' of water management

The ongoing transformation into a specialised whole of life water service provider aims to deliver:

- Reduced economic and concentration risk.
- Diversified revenue streams with a balanced mix of capital light and capital intensive businesses.
- Scale and sustainable shareholder returns.
- Better service to current and prospective customers.
- Clear market positioning as a leader and 'go-to' provider of end-to-end water services.

Stage 1

Design

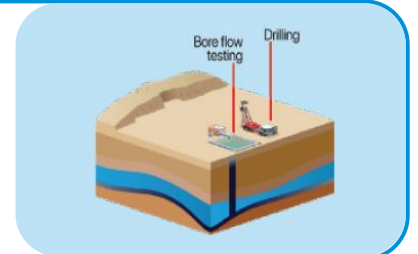
- Hydrogeological Consulting
- Borefield Design
- Infrastructure Design
- Engineering



Stage 2

Extract

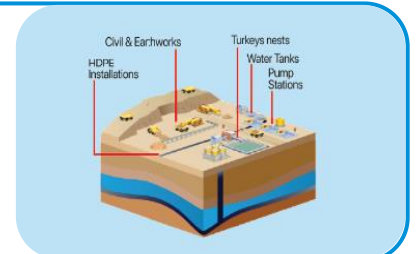
- ✓ **Drilling**
- Borefield Construction
- ✓ **Test Pumping**
- Headworks



Stage 3

Transfer

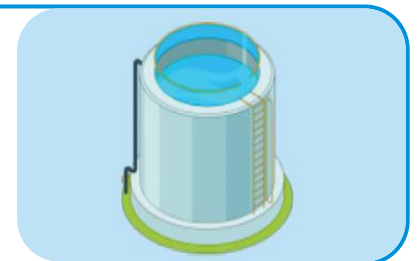
- Pump Installation
- Bore Pump Stations
- Pipeline Construction
- Transfer Pump Stations



Stage 4

Store

- Aquifer Recharge
- Mine use
- Water Treatment
- Water Control





Iron Ore Price Commentary

- There has been no indication that Vysarn's position will be impacted by the recent iron ore price volatility.
- Vysarn has positioned itself to be a provider of production critical services to tier-1, low-cost producers.
- This positioning aims to shield Vysarn against the consequences of price volatility typically experienced by exploration focused drilling companies.
- Demand for Vysarn's services remains strong, from prospective and existing clients.



Q1FY22 Performance

- Record quarterly EBITDA earned in Q1FY22 (based on unaudited management accounts).
- Completion of dual rotary rig rebuilds.
- Contracts in place that has enabled the utilisation of 12 drill rigs in the quarter.
- Opportunity identified and realised for the dry-hire of a thirteenth drill rig.
- Combined fleet of 13 drill rigs (12 Pentium Hydro owned & 1 dry-hired) now allocated to current clients.



FY22 Budgeted EBITDA

- Current contracts in hand underpin the opportunity to maintain full utilisation of Pentium Hydro's owned rig fleet throughout the remainder FY2022.
- The Company is budgeting FY2022 EBITDA to be \$10.0m – \$11.0 million*.
- The integration of Yield is set to further underpin the FY2022 EBITDA budget, with potential for notable growth in FY23 and beyond.



Corporate Development

- Vysarn is focused on integrating Yield and initiating its growth strategy.
- Management has identified additional opportunities within the water vertical.
- These opportunities encompass organic business development and minor bolt-on services through to company transformational acquisitions.

* ASX announcement Vysarn Financial Results for FY2021 (27 August 2021) Based on full rig utilisation with no significant rig downtime events such as prolonged wet weather, major mechanical breakdowns and COVID lockdowns



Key Contacts

Vysarn Limited

James Clement
Managing Director

Registered Office

108 Outram Street,
West Perth WA 6005
Telephone: +61 8 6144 9777
ASX Code: VYS
Website: www.vysarn.com.au

Investor Relations

Alastair Murray
Candour Advisory
M: +614 15 629 977
E: alastair@candouradvisory.com.au

