

VYSARN
LIMITED



AGM Presentation

November 2021

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Corporate Snapshot

About Vysarn Limited (ASX:VYS)

Vysarn Limited ('Vysarn' or 'the Company') via its two wholly owned subsidiaries, Pentium Hydro Pty Ltd ('Pentium') and Australian Groundwater Solutions Pty Ltd ('Yield') is a leading provider of production critical, hydrogeological drilling, dewatering and test pumping services.

The Company has experienced significant growth since inception (September 2019), primarily driven by Tier-1 iron ore mining companies that are facing mounting dewatering issues as a growing proportion of their resources lie below the water table.

Vysarn is building upon its robust foundation via the execution of a vertical integration growth strategy to transform the Company into a specialised 'end-to-end' water service provider.

Corporate Snapshot*

Share Price	\$0.083
Shares on Issue	~391.9m
Market Capitalisation	~\$32.5m
Net Debt	~\$6.5m
Enterprise Value	~\$39.0m
Top 20	52.7%
Board and Management	20.2%

*Share price, market capitalisation, share holdings as at 23 November 2021. Net debt as in Appendix 4E and Financial Report released 27 August 2021

Share Price Performance



Investment Highlights

Production Critical Services

Tier-1 mining clients rely on Pentium and Yield's services to maintain production. A focus on production critical services rather than mineral exploration and resource definition mitigates resource sector cyclical risk.

Strong Growth Thematic

Water is one of the biggest impediments to ongoing production in the Pilbara. Production related water issues are going to be exacerbated as production increases from below the water table.

Executing Vertical Integration Strategy

Vysarn has initiated its vertical integration strategy to transform the Company into an end-to-end water service provider.

Vysarn Limited

**A robust, production
focused, end-to-end water
service provider capable of
withstanding economic
cycles**

Strong Growth Profile

Vysarn is delivering strong year-on-year growth, with EBITDA anticipated to grow from \$5.0m (FY21) to \$10 - \$11m (FY22)*.

Servicing Tier-1 Clients

Pentium and Yield have executed multi-year Master Service Agreements with major clients, Fortescue Metals Group and Roy Hill Iron Ore. Management anticipates entering into a scope of work contract with a new Tier-1 iron ore producer in 2H22.

Highly Experienced Board & Management

Experienced Board with a history of delivering significant shareholder returns and have a material investment in the company.

FY21 Operational Overview

FY21 was a pivotal year, whereby Vysarn successfully positioned the Company to achieve full asset utilisation and steady state earnings as it entered FY22. Management remained focused on continuing to optimise operations while actively looking to execute on the Company's vertical integration growth strategy.



Significant contracts executed

- Master Service Agreements (MSAs) extensions signed with Fortescue Metals Group (3 years + 2) & Roy Hill Iron Ore (3.5 years + 1). Contracts underpin 75% utilisation going forward.
- Scope of work contracts executed with Australian Potash Ltd and Iluka Resources
- Dry hire agreement extension with Easternwell Minerals.



Contracts exceed Pentium fleet capacity

- Current contracts and tender pipeline positioned to exceed 100% rig utilisation (12 company owned rigs) moving into FY22.
- Pentium put in place access to dry-hire arrangements for 2 additional conventional rigs to satisfy additional demand up to 14 rigs.



Doubled headcount

- Successfully navigated a challenging labour market, growing employee headcount from 55 to 100+.
- The Company vision, culture and standard of equipment has helped facilitate this growth.



Rig rebuilds & upgrades complete

- Completed the rebuild of two Foremost Dual Rotary (DR) rigs and upgraded a Schramm T130XD from a conventional drill rig to Dual Tube Flooded Reverse (DTFR) capability.
- Scope for additional T130XD rigs to be upgraded to DTFR to capture wider market.
- Pentium is now one of the largest pure hydrogeological drilling companies in Australia and the only company to provide three rig types (DR, DTFR and Conventional drilling).



ISO accreditations

- OH&S Management systems (ISO 45001:2018), quality management systems (ISO 9001:2015) and environmental management systems (ISO 14001:2015)
- Accreditation is essential to attain preferred contractor status with Tier-1 clients



Strong Financial Performance

Pentium Hydro Rig Deployment

- Pentium Hydro averaged 7 rigs deployed (of 12 total) throughout FY21
 - Rig deployment peaked at 10 rigs in Q4FY2021
- Contracts were executed in Q4FY21 to deliver 100% rig deployment (12 rigs)
 - Third party critical services and supply chain constraints resulted in rig readiness and mobilisation delays in FY21

FY21 – Profit & Loss

- **Significant Revenue growth** - FY21 revenue from operations of \$25.8m (up 117% from \$11.91m in FY20).
- **Strong EBITDA performance** - Delivered FY21 EBITDA of \$5.0m (up \$6.2m from -\$1.2m in FY20).
- Rig readiness delays and additional labour costs associated to rigs negatively impacted EBITDA by ~\$1.0m.
- **Maintained lean corporate overheads** – Monthly corporate overheads averaged \$0.37m over FY21 (will expand in FY22 to support and execute growth initiatives).

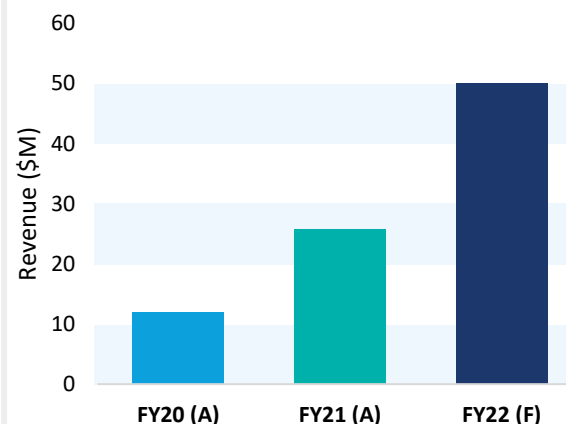
FY21 – Balance Sheet

- **Net Tangible Assets** of \$24.8m (up 1.8% from \$24.4m at June 30 FY20).
- **Plant & Equipment** of \$29.6m (up 19.6% from \$24.7m at June 30 FY20).

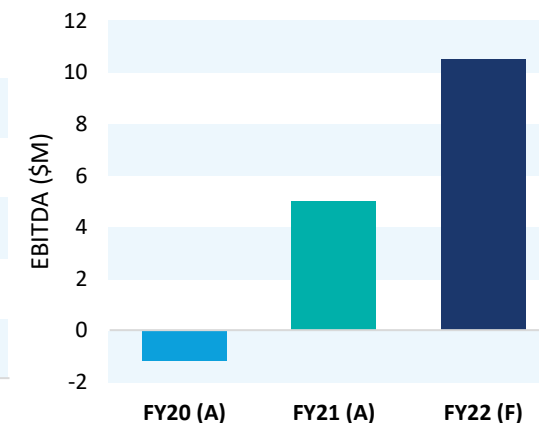
FY22 – Outlook

- **Pentium Hydro contracts** provide visibility to maintain full utilisation of the Company's owned rig fleet throughout the remainder FY2022.
- **Strong top-line revenue anticipated** – Targeting ~\$50m revenue from operations in FY22
- **Material EBITDA growth** – The Company is budgeting FY22 EBITDA to be **\$10.0m – \$11.0m***.
 - Budgeting ~\$10.0m EBITDA from the full utilisation of 12 rigs (Pentium).
 - Additional contributions from dry-hired hydro rigs and the acquisition of Yield Test Pumping is anticipated to underpin budgeted EBITDA in FY22.

Operational Revenue

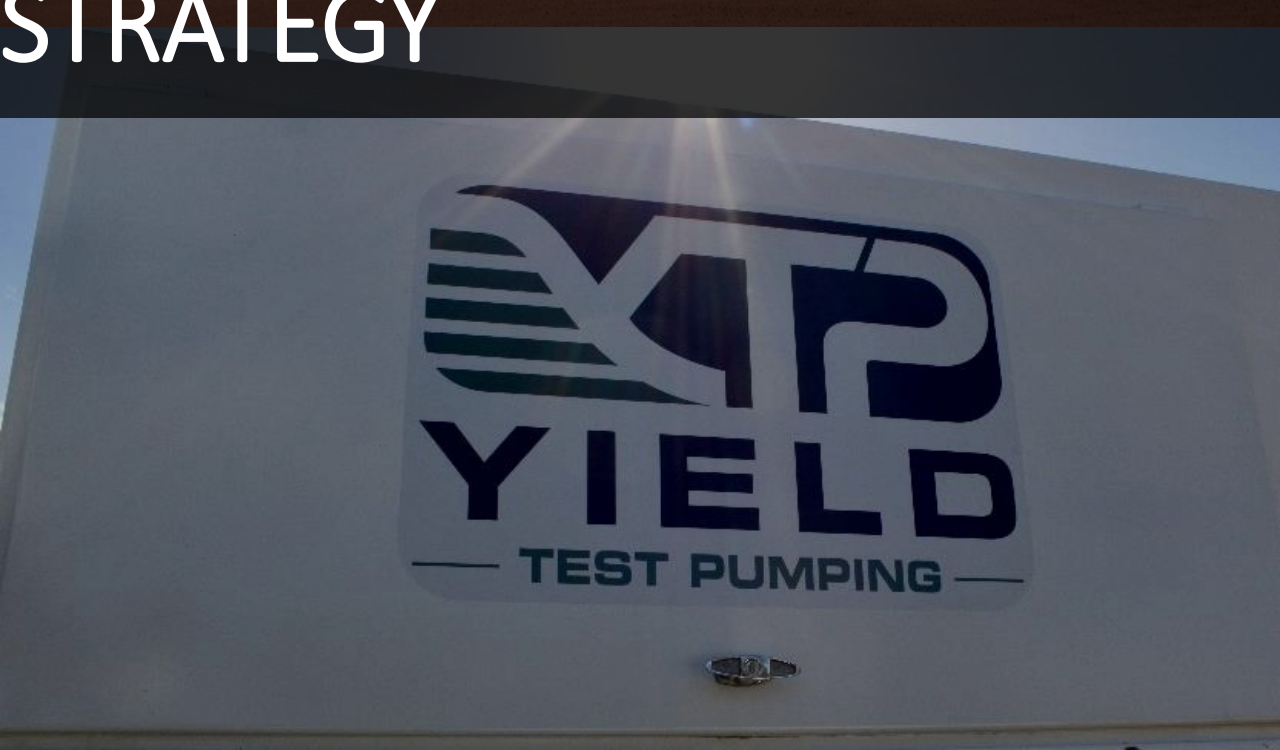


Normalised EBITDA





GROWTH STRATEGY

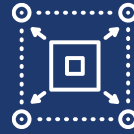


The Path to Vertical Integration



Established Operations FY2020

- Vysarn acquired hydrogeological drilling assets from Ausdrill Limited (now Perenti Ltd) via its wholly owned subsidiary Pentium Hydro. Asset 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.
- Achieved EBITDA of \$3.5m for the months of July to October in FY22 (unaudited management accounts).

Transitioning to a vertically integrated water service provider

- Acquisition of Yield.
- Active assessment of additional acquisition opportunities ongoing.

Acquisition of Yield Test Pumping

About Yield Test Pumping

Yield is a leading provider of tailor-made test-pumping solutions to Tier-1 clients.

Yield's technology delivers market leading performance and safety:

- Fully automated purpose-built, all terrain truck mounted, reel test pumping unit
- Remote access technologies allow clients to view and adjust test pumping parameters in real-time

Importance of test pumping – Yield undertakes five critical tests to determine:

- Well, bore-field and aquifer performance
- Capital infrastructure requirements

Key Client



MSA with Fortescue Metals
(2+1 years)

Previous Clients



Government of Western Australia
Department of Water and Environmental Regulation



srk consulting

Acquisition Summary

Deal Value
\$2.875m

Cash
\$2.50m



VYS Shares
5.0m

Vysarn has acquired 100% of the issued shares in Yield via a Share Sale Agreement

- Includes the business operations, contracts, assets, IP, employees, goodwill and inventory

Effective transaction date of 30 September 2021

- Revenue recognition from 1 October
- Subsequent pleasing performance

Managing Director and majority shareholder of Yield, Mr Dwayne Moppett, agreed to:

- 3 year contract to lead and grow the business
- 12 month voluntarily escrow

Targeted Annualised
EBITDA
\$700K – \$800K*

Transaction
EV/EBITDA
~4X

Acquisition Rationale

The next service in the vertical

- Test pumping occurs immediately after Pentium drills and cases a well

Requested by clients

- Integration of these services has been requested by Vysarn's major clients

Shared key client

- Both companies have MSAs with FMG

Strong track-record

- Yield is a certified contractor to Tier-1 clients

Strong foundation to execute clear growth strategy

- Access to capital will facilitate a staged expansion of Yield to meet increasing demand

Optimal scale for entry

- Acquisition provides a fast, low risk and cost effective entry into the sector

Highly experienced with an aligned vision & culture

- Yield management are excited to leverage their significant experience to help transform Vysarn

Pentium & Yield Growth Strategy



Aggressive business development

Focus on executing/expanding contracts with new and existing Tier-1 clients:

- Anticipate scope of work contract with new Tier-1 iron ore producer.
- Yield's relationship with other iron ore miners enhances prospects of further work.

Focus on cross selling to Pentium clients:

- Strong inbound interest from existing and prospective clients for integrated services.
- Satisfying test pumping requirements of Pentium contracts to deliver significant growth.

Fleet expansion

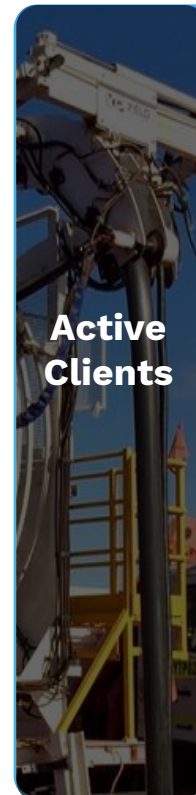
- Recently expanded fleet (2 rigs) via capital light, dry-hire agreement.
- May upgrade 2 more conventional rig(s) to DTFR if requested by clients.
- Searching for quality second hand rig(s) to fulfil excess demand.

- Potential to commission the build of multiple purpose-built test pumping units over the next 12-24 months (subject to demand).

Operational excellence to deliver optimised returns

Apply a top-down management approach to deliver operational excellence and optimised returns across all business divisions:

- Standardised and predictable structured contracts to achieve earnings from all operations.
- Maintain full asset utilisation and implement double-shifting where available.
- Maximise return on net operating assets.



**Active
Clients**

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



**Previous
Clients**



Growth via Vertical Integration

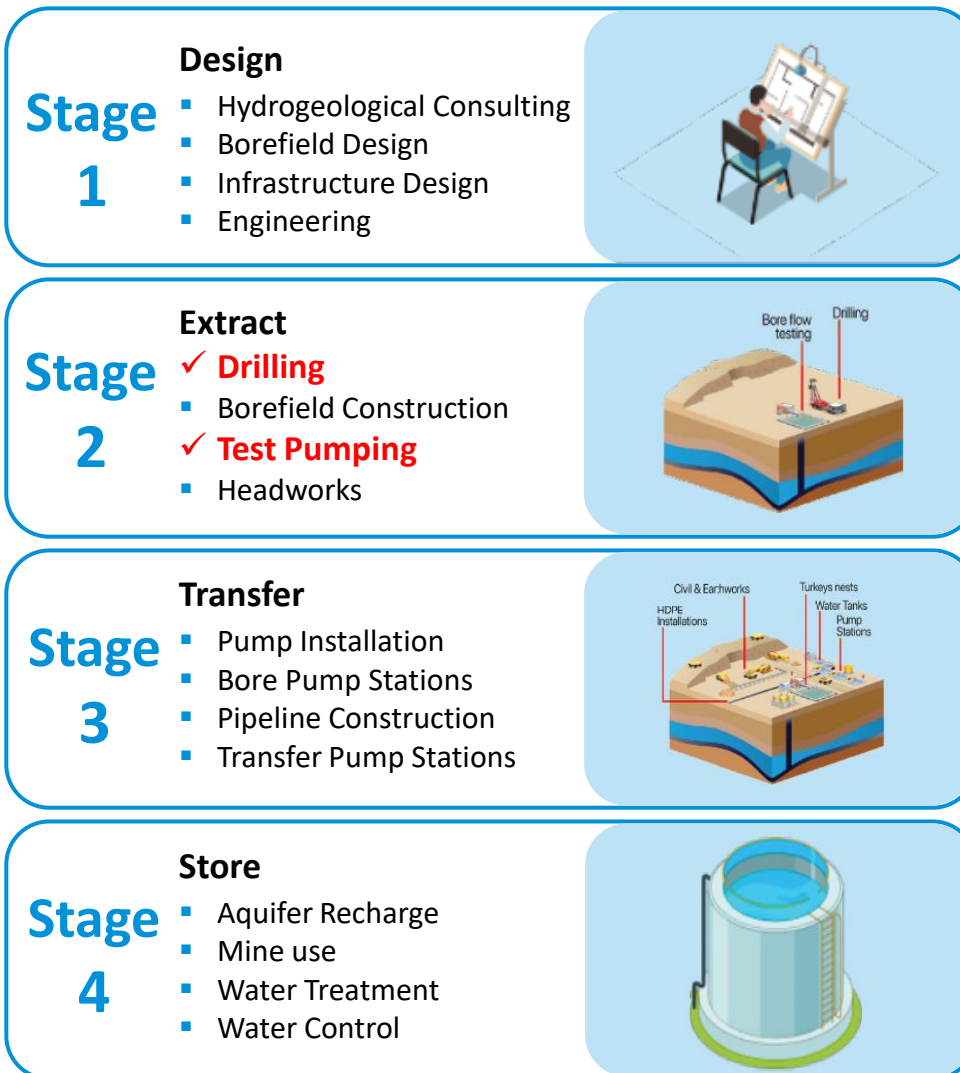
Vysarn is focused on continuing to build value, scale and diversity through organic growth and strategic acquisitions

With the acquisition of Yield Test Pumping, Vysarn has created a unique and integrated service offering in Stage 2 of the water vertical. The acquisition of Yield and its aggressive growth strategy is to be funded from Vysarn's balance sheet, providing shareholders enhanced upside potential.

What's next?

Vysarn is actively assessing additional upstream and downstream opportunities within the 'four stages' of water management. These opportunities range from organic developments, modest acquisitions to company transformational acquisitions. Any undertaking must satisfy management's primary focus of delivering shareholder returns.

Acquisition Criteria	Benefits of Vertical Integration
- Asking price is realistic relative to earnings. - Have clear group strategic rationale. - Acquisition comes with quality management and industry expertise. - Earnings are first and foremost sustainable, with realistic growth prospects. - Targets have the potential to be immediately earnings accretive.	- Reduced economic & concentration risk. - Diversified revenue streams with a balanced mix of capital light and capital-intensive businesses. - Scale and sustainable shareholder returns. - Provide market leading service to customer. - Market positioning as a leader and 'go-to' provider of end-to-end water services.



Vysarn's Tangible Milestones

To date we have met tangible milestones to transform Vysarn into a pre-eminent whole of life, end-to-end water service provider

FY2022

Vertically Integrated Water Services Provider

- ☐ Deliver budgeted EBITDA of \$10m+*.
- ☒ Execute/expand MSAs with Tier-1 client(s).
- ☒ Position the Company to achieve full asset utilisation and steady state earnings of \$1m EBITDA per month
- ☐ Operational excellence - Maintain full asset utilisation across Pentium and Yield.
- ☒ Complete acquisition of Yield and integrate operations.
- ☐ Expand Yield fleet of market leading test pumping units to meet client demand.
- ☐ Execute additional organic entry or acquisition/s.
- ☐ Target company transformational acquisition 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).
- ☐ Automation of current drill rig fleet.
- ☐ Drill rig fleet expansion if underpinned by long term contract.
- ☐ Aspirational large scale horizontal or vertical acquisition.
- ☐ Position as preeminent player in hydrogeological drilling space.
- ☐ Establish position as a major contractor in the whole of life end to end water service vertical.



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