

Quarterly Activities Report – December 2021

Q2FY22 Highlights

- Solid Q2FY22 financial performance and balance sheet position, with cash and cash equivalents of \$7.48 million
- EBITDA² of \$763,532¹ up 9% on prior corresponding period
- Entered Technology MoU with MACA Ltd to support Collar Keeper® System Development
- Successful trial completed on track rigs for the Collar Keeper® System
- Collar Keeper® System on track for commercialisation Q3 FY22
- Appointed General Managers for the Mining & People Services divisions
- Completed relocation of Maglok to new South Australian premises

Mining services provider Aquirian Limited (**ASX: AQN**) (**'Aquirian'** or the **'Company'**) is pleased to report on its quarterly activities for the three months to 31 December 2021.

The Company generated \$3,705,438¹ of total revenue during the quarter, a decrease of 4% on the prior corresponding period and a 5.6% decrease on the last quarter. EBITDA² increased to \$763,532¹, an increase of 9% on the prior corresponding period and a 16.2% increase on the last quarter. The Company's balance sheet remains strong with net assets of \$10.83 million¹, with positive cashflow generated from operating activities during the quarter.

The quarterly financial performance was underpinned by solid results from the Company's Mining Services division, with robust Collar Keeper® sales internationally continuing and strong demand for the Company's underground mining equipment seen through the quarter.

Commenting on the quarter, Aquirian Managing Director, David Kelly said: "We are really pleased with the quarter's performance. We made significant progress on our development and commercialisation pathway for the Collar Keeper® System with final testing completed and the initial phase of the product ready for commercialisation in this quarter. The broader business performed strongly showing resilience in a challenging market, particularly on the labour front"

¹ Unaudited financial results

² EBITDA refers to earnings before interest, taxation, depreciation and amortisation costs



Operations

The Mining Services division delivered an exceptional quarterly performance with strong ongoing international Collar Keeper® sales combined with strong demand for the Company's underground mining equipment through the quarter, with all available equipment leased. During the quarter the Company entered into a binding Technology MoU with MACA Limited to support the development of the Collar Keeper® System.

As previously announced ([See announcement dated 20 December 2021](#)), the Company completed the final in-field trials of its revolutionary Collar Keeper® System during the quarter. The field trials were conducted at a partners' site, a gold mine in the Mid-West, on a blast hole track rig in both wet and dry conditions. The trial included full production testing over the course of seven (7) continuous shifts irrespective of ground conditions.

Over the course of the trial, 254 production holes were drilled including 30 wet holes in difficult ground conditions where the Collar Keeper® System eliminated the requirement for costly and time-consuming collar piping. In addition, the System achieved significantly reduced drilling time for the wet holes, seeing greater than 50% improvement in drill yield in these areas. Importantly, the System maintained full hole depth across all the holes removing the need for any re-drills.

TBS Mining Solutions has entered discussions with several clients for the Collar Keeper® System with commercialisation to begin in Q3 FY2022. The Company is targeting implementation onto 12-15 track rig units by June 2022, generating revenue of approximately \$125,000 – \$200,000 per month on an ongoing basis. The current commercialisation focus will target approximately 200 blast hole track rigs operating on mines (excluding quarries) in Western Australia alone, noting that thousands of these blast hole track rigs operate on mines globally.

MagLok relocated to larger manufacturing facilities in South Australia during the quarter. The relocation and expansion will enable MagLok to improve safety and efficiency across operations, lower costs and broaden its suite of client offerings. MagLok continues to have good demand for its products and a number of new products are in development for release to the market later in the current calendar year.

The Company appointed Steven Thomson as General Manager Mining Services in the quarter. Mr Thomson has extensive experience working in services businesses across mining and resources, oil and gas, and defence sectors in Australia and internationally for more than two decades.

The impacts of COVID-19 and the ongoing Western Australian border closures continue to impact the People Services division and TBS Workforce in particular. The Company has continued to focus on delivering exceptional service to clients and working with the market to navigate through the challenges of a very tight labour pool.

Modular Training continued to expand its offering through the quarter with growth in onsite-based training courses and resourcing on customer sites. These services offerings are expected to expand.

The Company appointed Naomi Carson as General Manager People Services. Ms Carson joined the Company from Orica where she was the CEO of Orica's Registered Training Organisation and oversaw training across Australia Pacific/Asia. She is a HR professional and has worked across HR, sales and training in the mining and resources sector for the last 14 years.

Outlook

The ongoing WA border closures and uncertainty on a clear opening date are expected to have a continuing effect on the People Services Division, in particular, on TBS Workforce. A significant COVID-19 outbreak may also impact further on Modular Training's ability to deliver its site-based programs; however, its remote online course services will continue.

Several units in the underground rental fleet were off-hired in late Q2 or are scheduled for off-hire early in Q3. With an expected turnaround time of approximately eight (8) weeks before these units are available for re-hire, the Company expects this will have an impact on revenues in Q3.

The commercialisation of the Collar Keeper® System in Q3, however, is expected to generate increasing revenue and margin from Q3 onwards, with a forecast of \$125,000 – \$200,000 additional revenue per month on an ongoing basis by financial year end.

While the Company anticipates there will be some easing in Q3 revenue, particularly around the COVID-19 uncertainty, Aquirian expects full year FY22 revenue to be between \$14.5-15.3³ million, up from \$12.7 million in FY21.

Corporate

The Company continues to be in a strong financial position with cash and cash equivalents of \$7.48 million.

Aquirian made operating activity payments of \$182,000 to related parties and their associates. These payments relate to the remuneration agreement for the Managing Director, Executive Director and Non-Executive Directors. In addition, the Company made investing activity payments of A\$11,000 to related parties, being payments related to the remuneration agreement for the Executive Director in relation to the development of the Collar Keeper® System.

Pursuant to ASX listing rule 4.7C.2, the Company advises the proposed use of funds contained in section 1.7 of the Company's Prospectus in comparison to the actual use of funds following admission of the Company to the official list of the ASX.

³ Subject to the impacts of the COVID-19 outbreak in Western Australia and timing of the border opening

Use of Funds	Prospectus	Actual to Date
Accelerate development and commercialisation of the Collar Keeper® System	\$2,450,000	\$347,446
Underground fleet expansion	\$2,450,000	\$1,576,859
Expand MagLok Australia manufacturing capability	\$500,000	\$237,141
Working Capital / Corporate Overheads	\$1,770,000	\$0.00
Cost of the Offer	\$830,000	\$862,579
Total	A\$8,000,000	A\$3,024,024

The Company confirms that it expects to utilise the funds raised under its Prospectus in accordance with the use of funds statements, and the key business objectives underlying the expected use of funds remains intact.

-ENDS-

This announcement has been approved for release by the Board of the Company

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About Aquirian

Aquirian is an emerging specialist mining services company providing people, equipment and innovative products that support mining clients across their operations.

The Company has a strong national and international presence with reputable, in-house capabilities and, through its extensive, in-depth relationships built up over many years of working in mining services locally and globally, it has attracted and maintained a long-term, tier-one client base. It provides specialised People Services (training, labour, recruitment) under the **Modular Training** and **TBS Workforce** brands, and Mining Services (equipment leasing, drill and blast products) under the **TBS Mining Solutions** and **MagLok** brands to the mining and resources, and civil and defence sectors in Australia and internationally.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

AQUIRIAN LIMITED

ABN

634 457 506

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,984	7,504
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,058)	(4,092)
(c) advertising and marketing	(24)	(59)
(d) leased assets	(35)	(62)
(e) staff costs	(1,110)	(1,863)
(f) administration and corporate costs	(367)	(689)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(27)	(50)
1.6 Income taxes paid	(232)	(358)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	133	333

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(394)	(1,271)
	(d) investments	-	-
	(e) intellectual property	(177)	(308)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	56	146
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(515)	(1,433)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	8,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(389)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(407)	(703)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(407)	6,908

Quarterly cash flow report for entities subject to Listing Rule 4.7B

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,271	1,674
4.2	Net cash from / (used in) operating activities (item 1.9 above)	133	333
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(515)	(1433)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(407)	6,908
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	7,482	7,482

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,232	6,021
5.2	Call deposits	2,250	2,250
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,482	8,271

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	182
6.2	Aggregate amount of payments to related parties and their associates included in item 2	11

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	5,383	2,777
7.2		
7.3		
7.4	Total financing facilities	2,777
7.5	Unused financing facilities available at quarter end	
		2,606
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	<p>Loan Facilities</p> <ol style="list-style-type: none"> 1. A finance facility of \$5.0 million is held with the National Australia Bank and relates to equipment financing at various terms and rates. Terms range up to 60 months and interest rates range from 2.6% - 5.8%. The facility is secured via a registered GSA over the equipment purchased under their relevant agreements, and additionally the Aquirian Group (Group) provides a general security agreement in respect to the Group's existing and future assets. 2. A long-term bank loan with the National Australia Bank as part of the acquisition of the Maglok Australia business. The loan bears a floating interest rate in line with the business lending rate, plus a margin of 2.5%. The loan is secured by a GSA over the Group's existing and future assets. The loan is repayable in monthly instalments until it's expiry in October 2025. 	
8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	133
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,482
8.3	Unused finance facilities available at quarter end (item 7.5)	2,606
8.4	Total available funding (item 8.2 + item 8.3)	10,088
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

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

Date:31 January 2022.....

Authorised by:By the board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.