

VYSARN



Investor Presentation

Project Engineering Acquisition

October 2022

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Project Engineering Acquisition Summary

Enterprise Deal Value

\$2.60 million

Key Terms of Acquisition

- Vysarn has acquired 100% of the issued shares in Project Engineering (WA) Pty Ltd (ProEng) at **an enterprise value of \$2.60m**:
 - **An additional net working capital adjustment of ~\$0.2m** increases acquisition value to ~\$2.80m;
 - Acquisition also included **franking credits of \$0.83m**.
- Acquisition of ProEng completed on 30 September 2022
- **100% cash consideration**, funded via a combination of the Company's cash reserves and debt funding.
- ProEng is now a wholly owned subsidiary of Vysarn.
- ProEng 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.
- Based on ProEng's historical trading results and their forecast FY23 EBT, **the acquisition will deliver an approximate 20% earnings accretion to Vysarn^**
- ProEng's founder, technology inventor and current Technical Manager Mr David Roberts has agreed to stay with the business to assist in the continued drive of technology development and client services.

Targeted Annualised EBT*
~\$850,000

Transaction EV/EBT*
~3X

About Project Engineering

About Project Engineering (ProEng)

ProEng is a hydraulic engineering business that primarily services the resource sector in Western Australia as well as the commercial fishing and aquaculture sectors.



Core Competency

- The design and construct of **managed aquifer recharge (MAR) systems**.



Critical Infrastructure

- ProEng's **MAR systems are production critical infrastructure** for mining operations to solve ongoing, high volume mine dewatering and environmental issues faced by tier one iron clients.



Broader Applications

- MAR also critical for water harvesting and water banking to future proof water supplies from both regulated and nonregulated water abstraction sources.



Valve Technology

- ✓ First generation one-way **PRO-CHARGE Injection Valve** (registered design)
- ✓ Hydraulically operated from headworks pressure.
- ✓ Variable injection rates with minimal pressure drops.
- ✓ No power draw during operation.
- ✓ Long operating life.
- ✓ Next generation **Two-way Valve** (patent pending) – **imminent launch**



Proprietary Industrial Control Systems

- ✓ Recently upgraded, proprietary software/programs with user friendly interface.
- ✓ Produces detailed and highly valuable data and analytics.
- ✓ Solar powered to suit remote environments

Anticipated Annualised EBT*

~A\$850,000

Projects Delivered

300+

Projects P.A

45+

Clients



BHP



*Annualised budgeted EBT for ProEng (for the first 12 months of operations) under Vysarn ownership.

Managed Aquifer Recharge

ProEng: Leaders in Managed Aquifer Recharge

ProEng's highly efficient, proprietary system, **PRO-CHARGE**, that manages the recharge (reinjection) of water into targeted aquifers.

What is Managed Aquifer Recharge (MAR)?

- MAR is the intentional recharge of an aquifer under controlled conditions for later recovery, environmental benefit, or to mitigate the impacts of abstraction.

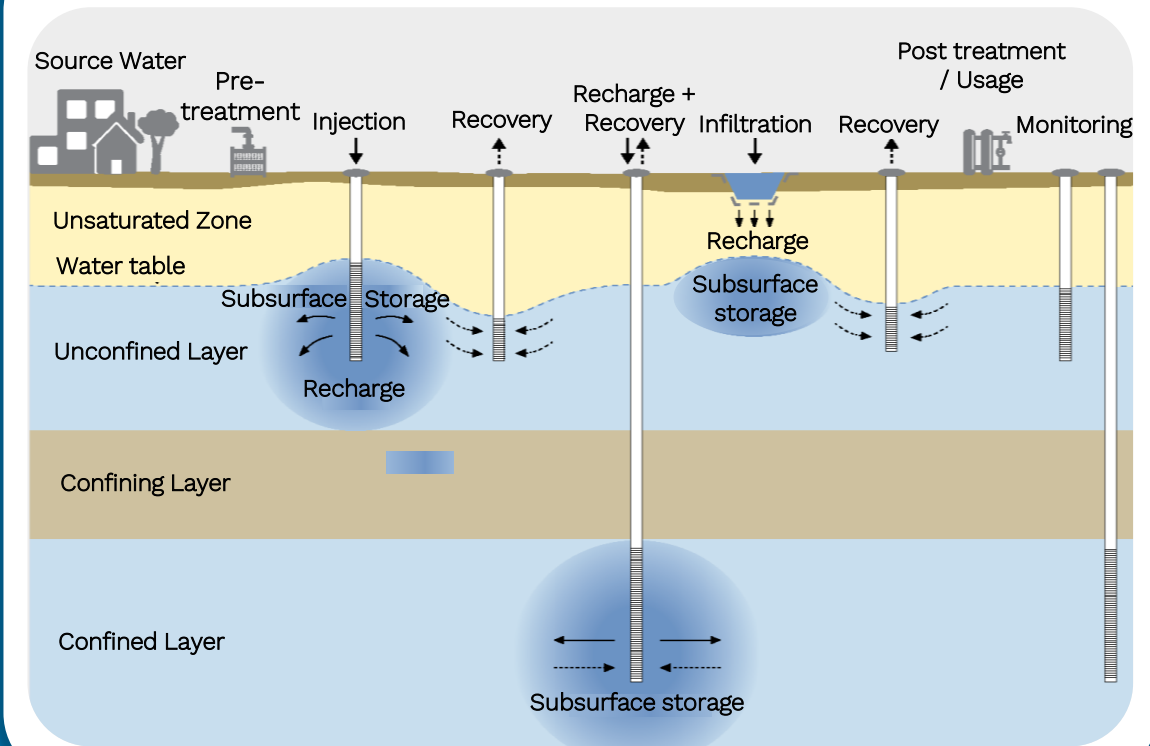
The importance of Managed Aquifer Recharge

- Underground storage of water is one of the most effective methods of water conservation.
- MAR optimises underground storage by targeting identified aquifers, replenishing heavily depleted reserves whilst providing highly cost-effective environmental advantages.

Water management is a critical issue worldwide. Overuse, poor management and climate change are having a compounding impact on ground water levels.

Managed aquifer recharge is critical for water sustainability.

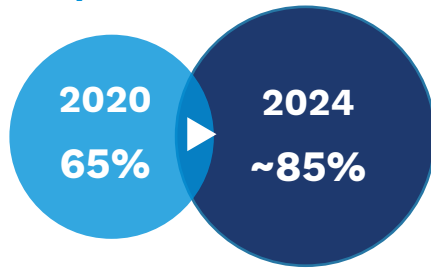
Examples of Managed Aquifer Recharge*



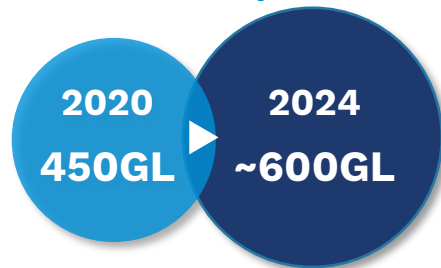
Water Management – An Escalating Problem

Significant escalation in Pilbara dewatering activities as remaining iron ore deposits lie below the water table

Pilbara deposits below water table¹



Water abstracted per annum²



Environmental impacts of dewatering

- X Aquifer dewatering drawdown may extend beyond mine site, impacting ecosystems causing depletion beyond natural variability.

Environmental impacts of disposal of surplus water

- X Surface disposal of surplus water can permanently alter waterways and wetlands, having catastrophic environmental effects.

Regulatory Settings – Managed Aquifer Recharge³

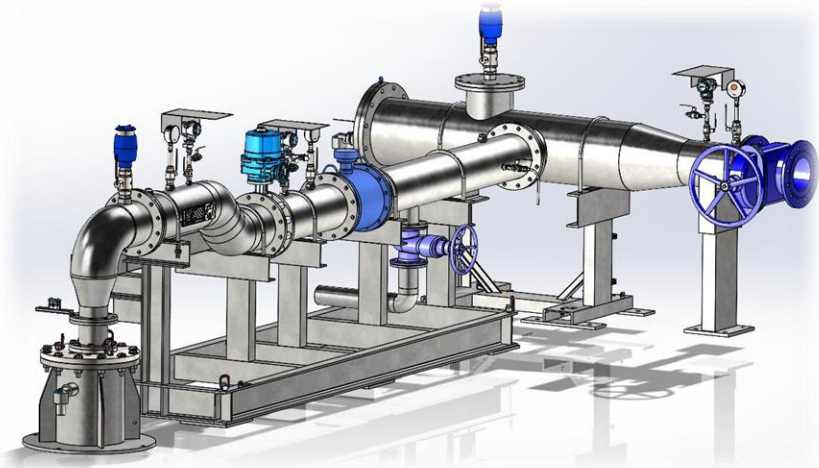
- Regulatory scrutiny on activities that impact on hydrological systems.
- Regulatory licensing requires the first use of dewatering water is to mitigate against environmental impact, i.e. MAR.
- MAR is starting to be written into environmental licence conditions for mining operations and mine closure.

Managed Aquifer Recharge – The Solution³

- Managed aquifer recharge is becoming a primary water management solution
- Investment into large scale MAR systems to grow substantially

The complexity of MAR is a significant barrier to entry

- ✓ ProEng + Vysarn have the capabilities to determine the site-specific, hydrogeological characteristics of the receiving aquifer:
 - ✓ Pentium Water (consulting) looking to build capability to conduct aquifer characterisation studies.
 - ✓ Pentium Test Pumping intends to use ProEng technology to develop injection testing capability.
- ✓ ProEng highly experienced in maximising injection capacity.
- ✓ Market leading technology that mitigates against bore clogging and over pressurisation.



Applications outside of Resources

Water Banking – A Sustainable Drought Solution

Recharging aquifers at times of higher rainfall, storing the water, and discharging it during droughts is a cost-effective way to manage regional water security.

CSIRO are seeking industry partners with aquifer recharge technologies

Significant benefits of Water Banking:



Minimal losses underground – 40% of water in above ground storage can be lost to evaporation.¹



No algal blooms or mosquito problems – Above ground storage are regularly plagued with contaminant issues.



Minimal Infrastructure – Requires minimal capital investment and maintenance vs. dams.



Cheaper Supply– Aquifer recharge systems can supply water at about \$0.20-0.50² per kilolitre vs. \$2.35 – \$3.20³ from dams.



Drought Security – limit the economic impacts of a drought, operating at far less restrictive levels, for far longer.

CSIRO estimates aquifers across the Murray Darling Basin can store up to **4,000GL of water**, equivalent to **eight Sydney Harbours⁴**

Aquaculture – Sustainable Seafood Production

- The aquaculture industry is expanding and evolving rapidly, accounting for 50 percent of the global consumption of seafood.
- As demand and production increases, regulation will continue to shift aquaculture away from traditional open systems and toward onshore, tank-based processes.

ProEng Supplies Water Management Systems

- ProEng has >25 years experience designing, installing and maintaining water management systems.
- ProEng systems can be found in various marine & aquaculture applications. They can design, supply and maintain systems for: closed-loop, flow through & tank based, such as Re-circulating Aquaculture Systems (RAS).

Aquaculture and Seafood Clients



Acquisition Rationale



Strong growth thematic

Regulatory tailwinds

Managed aquifer recharge is being increasingly adopted to minimise environmental impacts of dewatering.

Dewatering growing YoY

- Pilbara economic iron ore deposits below water table increasing from 65% (2020) to as much as 85% (2024)¹
- Pilbara water abstraction increasing from 450GL (2020) to ~600GL (2024)².



Strong clients & relationships

Tier-1 resources clients

ProEng deliver systems to Fortescue Metals Group, Roy Hill and BHP. Investment from these clients is anticipated to increase.

Non-resources clients

ProEng delivers systems to commercial fishing / aquaculture companies and government organisations.



Significant value to be unlocked

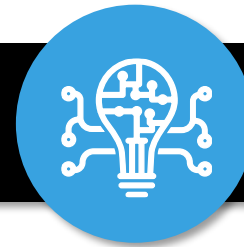
Capital constraints to date

Capital constraints have limited ProEng's capacity to develop and convert growth pipeline.

Transform Revenue Model

Vysarn has identified opportunities to improve ProEng's revenue model by providing services in:

- Installation, Operations and Maintenance
- MAR advisory services.
- Software as a Service (SaaS) and Data as a Service (DaaS).



Leading technology & capabilities

Valve technology

25 years of development has resulted in market leading, PRO-CHARGE system (registered design).

Next generation, patent pending two-way valve to be launched in future.

Industrial Control Systems

Proprietary software and programs that operate the MAR systems. Produce detailed and valuable data and analytics for clients.



Capital light business model

Capital light operations

ProEng has no capital machinery, and subsequent material sustaining capex costs.

Purely a MAR unit manufacturer and service provider.

Fits strategy of including capital light businesses, as earnings should attract higher valuation multiples.



STRATEGY

ProEng Growth Strategy

Current

FY24+

Existing New

Sectors Serviced

Resources
Aquaculture

Resources
Aquaculture
Water banking

Vysarn aims to actively expand into water banking, a high growth opportunity to provide Australian water security.

Revenue Model

Construct

Construct
Install, Operate & Maintain
Software as a Service (SaaS)
Data as a Service (DaaS)

Vysarn intends on transforming ProEng's revenue model to include ongoing, high-margin, recurring revenue streams.

Engineering

Third party manufacturer

Establish facility

Vysarn will investigate bringing some manufacturing capacity in-house to enhance margins and support other divisions.

Projects p.a

~45

Target 100+

ProEng has been capital and capacity constrained. Vysarn's visibility supports strong potential growth.

Vysarn's Expansion into MAR Services

Current

FY24+

Existing **New**



Drilling of abstraction borefields



Drilling of abstraction Borefields
Drilling of MAR injection Borefields

Pentium Hydro's drilling fleet is positioned to continue expanding into drilling of large scale MAR injection borefields.

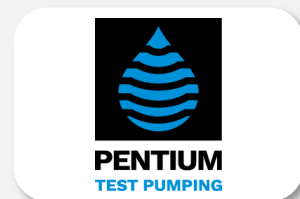


Mine water management
Stormwater & urban water mgmt
Environmental planning & mgmt



Mine water management
Stormwater & urban water mgmt
Environmental planning & mgmt
MAR consulting

Pentium Water's growing team will investigate expanding capability in MAR consulting services to the resource and government sectors.



Abstraction test pumping



Abstraction test pumping
MAR injection testing

ProEng's patent pending valve and control system technology can be adapted for the provision of MAR injection testing services.

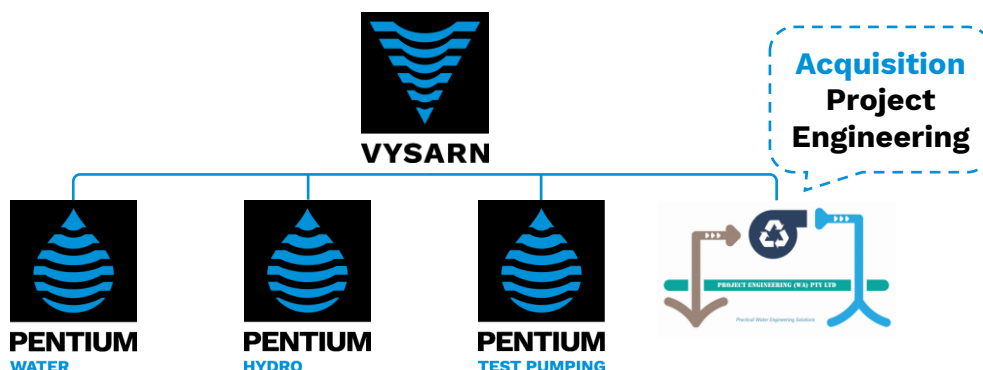
The acquisition of Project Engineering will provide capabilities and a platform for each of Vysarn's divisions to expand their service offering into high growth MAR related services.

Growth via Vertical Integration Strategy

Vysarn is focused on building value, scale and diversity through organic growth and strategic acquisitions

Over the past twelve months Vysarn has acquired/launched:

- ✓ **Pentium Test Pumping** – Acquisition
- ✓ **Pentium Water** (consulting) – Organic development
- ✓ **Project Engineering** (Managed aquifer recharge) - Acquisition



What's next?

Vysarn is actively assessing organic developments, further bolt on acquisitions and company transformational acquisitions, across:

- **Upstream and downstream opportunities** within its current water management vertical.
- **Broader horizontal opportunities** within water ownership, water infrastructure, asset management, carbon farming, irrigated agriculture, mine closure and urban rehabilitation.

Acquisition Criteria

Project Engineering satisfies Vysarn's acquisition criteria:

- ✓ Asking price is realistic relative to earnings.
- ✓ Perfect fit with Vysarn's strategic rationale.
- ✓ Acquisition comes with market leading capabilities (patent pending technology), quality personnel and industry expertise.
- ✓ Earnings are sustainable, with realistic growth prospects.
- ✓ Immediately earnings accretive. FY23F EBT provides approximate 20% earnings accretion to Vysarn*.

Benefits of Vertical Integration

- 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 Service Cycle

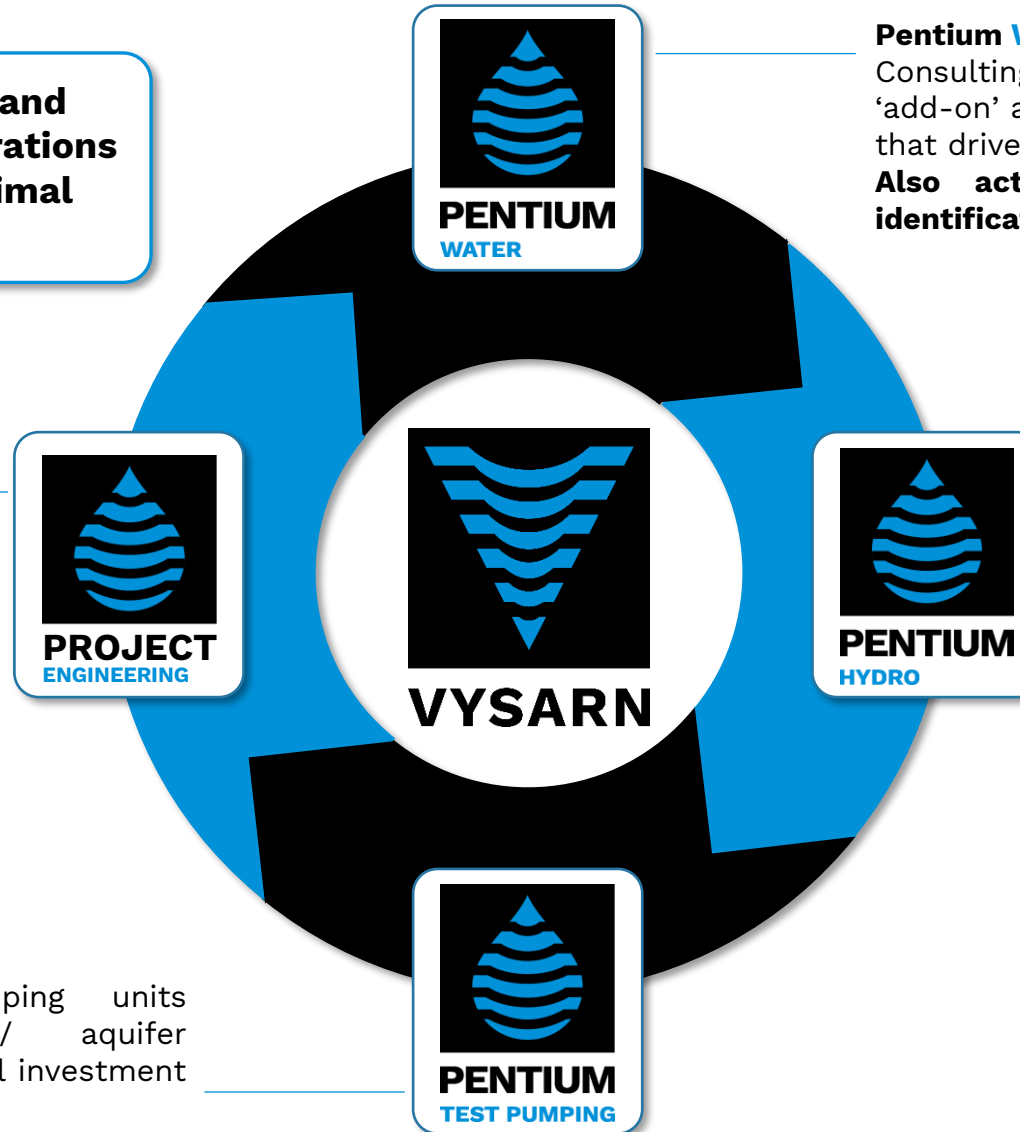
Vysarn now **analyses, abstracts** and **injects** water, ensuring mining operations can sustain production with minimal impact to the environment.

Project Engineering

Market leading managed aquifer recharge systems, required to re-inject, abstracted water back into the aquifer. **Managed aquifer recharge is now in many instances required by regulation.**

Pentium Test Pumping

Sophisticated test pumping units determine borefield / aquifer performance, guiding capital investment decisions.



Pentium Water

Consulting division provides valuable 'add-on' analytical and advisory services that drive decisions for clients.

Also acts as Vysarn's opportunity identification engine.

Pentium Hydro

Hydrogeological drilling division that establishes large scale borefields for tier-1 mining companies.

Borefields & dewatering are critical to maintaining ongoing production.



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