

Quarterly Activities Report

For the period ending 31st March 2023

Q3 Highlights

- Revenue **up 91%** to **\$5.7 million¹** on the prior corresponding period (PCP)
- EBITDA **up 76%** to **\$0.7 million²** on the PCP
- Strong balance sheet, with Net assets **\$11.3 million¹** and cash and cash equivalents of **\$5.5 million¹**
- New products developed **Dip-Strip®** and **Cable See®**
- FY23 Revenue guidance remains unchanged at **\$26-\$28 million³**

Diversified 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 March 2023.

The Company generated **\$5,658,777¹** of total revenue during the quarter, an **increase of 91%** on the prior corresponding period (PCP). EBITDA² was **\$663,471, up 76%** on the PCP. Aquirian's balance sheet remains strong, with net assets of **\$11.3 million¹**.

Commenting on the Company's performance, Aquirian Managing Director, David Kelly said:

"I am pleased to report another solid financial Quarter, with sustained performance across both Mining Services and People services divisions. Mining Services experienced a slow start to the quarter but has progressively improved to normal operating levels. At the same time, People Services continues to experience strong demand. Our development of new products and services are close to commercialisation and will be instrumental in our strategic growth as a significant future-focused Mining Services company."

Operations

The **People Services Division** maintained performance across the quarter. TBS Workforce and Primed Professionals performed consistently with solid demand. Quality labour availability remains the biggest challenge to growth for these businesses.

Modular Training continued to experience strong demand, increasing in-classroom participation, and onsite services extended beyond the end of the financial year. The team at

¹ Unaudited financial results

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

³ Subject to the impacts of the current global macroeconomic factors on the economy and market



Modular are working on a new program called “Women in Blasting”, which will be launched in FY24 and aimed at increasing female participation in the blasting disciplines.

The **Mining Services Division**, consistent with prior years, had a challenging quarter across its businesses, particularly in the underground rental space.

The underground rental fleet had several units returned from hire through the quarter with a ~60% utilisation rate attributed across the quarter. The business is working on several opportunities to increase the utilisation of the underground fleet across the remainder of the financial year. The lower underground utilisation was slightly offset by the opencut fleet, which continued to experience strong demand with greater than 95% utilisation.

Cybem had a slow start to the quarter for its main workshop; however, workshop services experienced high demand in the second half of the quarter, now operating at total capacity, with very high utilisation.

Cybem Field Services experienced a shortage of highly skilled labour availability, which put pressure on this area. The company is continuing with its plan to bring in experienced labour from overseas to support this business area.

MagLok’s performance was consistent and solid during the quarter, with demand increasing and a strong order book for the remainder of the financial year.

The mechanisation phase of the Collar Keeper® System development continued with component prototyping and testing throughout the quarter. Some challenges were experienced in the quality provided by suppliers in manufacturing the prototype components, leading to delays. As work on the control mechanisms for the system evolved during the quarter, the business decided to merge the mechanisation and autonomous phases. Factory acceptance testing of the complete prototype unit is scheduled to commence in late May 2023, with field testing expected to commence early in Q1FY24.

The business developed two new consumable products in the quarter, with patents pending and granted trademarks.

1. the **Dip Strip®** is a tool for fast and accurate dipping of blast holes, offering superior quality and life to existing dipping methods. – testing was completed with several customers in Australia and overseas, with initial sales committed and first stock expected in late Q4
2. **Cable See®** is a lightweight delineation device. This device will delineate the electric cables used to power drill rigs, excavating equipment etc, providing a quick, lightweight alternative to traditional methods. Prototype trialling has received positive feedback, and the business is currently exploring manufacturing options.

TBS Mining Solutions continue working with our robotics partner Jevons Robotics and our client partner, a Tier-1 Iron Ore mining company, to deliver a unique and semi-autonomous explosives loading/stemming solution focused on loading contours in the Pilbara.

Field trials commenced late April 23, with onsite trials commencing later this quarter, subject to final regulatory approval. The field trials are an essential step in our Bootless Bench® strategy.



Fig 1. Operations centre and Autoloader arriving at site for field trials 26/04/2023.

Outlook

The Company's outlook for FY23 remains positive. While various micro and macroeconomic factors impact the economy and market sentiment, Aquirian is confident that demand for its varied services and multiple business units will remain strong.

The Company has established a strong foundation for growth across its business divisions. With the continued commercialisation of the Collar Keeper® System in FY23 and beyond, we anticipate increased revenue and margin over the medium to long term.

Despite ongoing uncertainty in the market, the Company maintains full-year guidance, with FY23 revenue expected to be between \$26-28 million³.

Corporate

The Company remains in a strong financial position with cash and cash equivalents of \$5.5 million¹.

Aquirian made operating activity payments of \$124,000 to related parties and their associates. These payments relate to the remuneration agreement for the Managing Director and Non-Executive Directors. In addition, the Company made investing activity payments of \$75,000 to related parties relating to the remuneration agreement for the Executive Director concerning the development of the Collar Keeper® System.

³ Subject to the impacts of the current global macroeconomic factors on the economy and market

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 in July 2021.

Use of Funds	Prospectus Amount	Actual to Date
Accelerate development and commercialisation of the Collar Keeper® System	\$2,450,000	\$1,925,185
Underground fleet expansion	\$2,450,000	\$4,969,997
Expand Maglok Australia manufacturing capability	\$500,000	\$384,736
Working Capital / Corporate Overheads	\$1,770,000	\$0
Cost of the Offer	\$830,000	\$862,579
Total	\$8,000,000	\$8,142,497

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 Managing Director of the Company

Investor Enquiries

David Kelly
Aquirian Limited
david.kelly@aquirian.com
+61 8 6370 5400

Stephen Moloney
Corporate Storytime
stephen@corporatestorytime.com
>+61 (0)403 322 097

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**, **TBS Workforce** and **Primed Professionals** brands, and Mining Services (equipment leasing, maintenance & repair, engineering services, drill and blast products and onsite field services) under the **Collar Keeper®**, **Cybem Services**, **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 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,063	20,880
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,760)	(11,653)
(c) advertising and marketing	(13)	(59)
(d) leased assets	(110)	(319)
(e) staff costs	(2,090)	(7,234)
(f) administration and corporate costs	(540)	(1,671)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	(52)	(144)
1.6 Income taxes paid	699	597
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	198	401

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(245)	(3,038)
	(d) investments	-	-
	(e) intellectual property	(497)	(1,203)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	84	84
	(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	(658)	(4,157)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	1,227	2,811
3.6	Repayment of borrowings	(549)	(1,589)
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	678	1,222

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,241	7,993
4.2	Net cash from / (used in) operating activities (item 1.9 above)	198	401
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(658)	(4,157)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	678	1,222
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	5,459	5,459

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	5,459	5,241
5.2	Call deposits		
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)	5,459	5,241

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	124
6.2	Aggregate amount of payments to related parties and their associates included in item 2	75

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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	10,308	7,812
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	10,308	7,812
7.5	Unused financing facilities available at quarter end		2,496
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.		
	Loan Facilities <ol style="list-style-type: none"> 1. A finance facility of \$7.5 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% - 6.8%. 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 2.15%. The loan is secured by a GSA over the Group's existing and future assets. The loan is repayable in quarterly instalments until it's expiry in October 2025. 3. A long-term bank loan with the National Australia Bank for the acquisition of the Cybem Mechanical Services business. The loan bears a floating interest rate in line with the business lending rate, plus a margin of 2.15%. The loan is secured by a GSA over the Group's existing and future assets. The loan is repayable in quarterly instalments until it's expiry in April 2027 		
8.	Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (item 1.9)	198	
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,459	
8.3	Unused finance facilities available at quarter end (item 7.5)	2,496	
8.4	Total available funding (item 8.2 + item 8.3)	7,955	
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:28th April 2023.....

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.