

VYSARN
LIMITED



Investor Presentation

July 2021

Disclaimer

This presentation has been prepared by Vysarn Limited ("Vysarn" or the "Company") ("Presentation") and contains general and background information about Vysarn activities current as at the date of the Presentation. The Presentation should not be considered to be comprehensive or to comprise all the information that an investor should consider when making an investment decision. The information in the Presentation should be read in conjunction with Vysarn's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, available at www.asx.com.au.

The Presentation contains statements, opinions, projections, forecasts and other material ("forward-looking statements") with respect to the financial condition, business operations and competitive landscape of the Company and certain plans for its future management. The words anticipate, believe, expect, project, forecast, estimate, likely, should, could, may, target, plan and other similar expressions are intended to identify forward-looking statements. Such forward-looking statements are not guarantees of future performance and include known and unknown risks, uncertainties, assumptions and other important factors which are beyond the Company's control and may cause actual results to differ from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Any forward-looking statements contained in this document are qualified by this cautionary statement. The past performance of the Company is not a guarantee of future performance. None of the Company, or its officers, employees, agents or any other person named in the Presentation makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statements or any of the outcomes upon which they are based.

The Presentation is not financial product, investment advice or a recommendation to acquire Vysarn securities and has been prepared without taking into account the objectives, financial situation or needs of individuals. Each

recipient of the Presentation should make their own enquiries and investigations regarding all information in the Presentation including, but not limited to, the assumption, uncertainty and contingencies which may affect future operations of Vysarn and the impact that different future outcomes may have on Vysarn. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs, and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. Vysarn is not licensed to provide financial product advice in respect of its securities or any other financial products. Cooling off rights do not apply to the acquisition of Vysarn securities. Each investor must make its own independent assessment of Vysarn before acquiring any securities in Vysarn.

Vysarn Limited results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non IFRS measures that are not prepared in accordance with IFRS and therefore are considered non-IFRS financial measures. The non-IFRS measures should only be considered in addition to and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

To the maximum extent permitted by law, the Company and its directors and advisers give no warranty, representation or guarantee as to the accuracy, completeness or reliability of the information contained in the Presentation. Further, none of the Company, or its officers, employees or agents accepts, to the extent permitted by law, any liability for any loss, claim, damages, costs or expenses arising from the use of the Presentation or its contents or otherwise arising out of, or in connection with it. Any recipient of the Presentation should independently satisfy themselves as to the accuracy of all information contained herein.

Corporate Snapshot

About Vysarn Limited (ASX:VYS)

Vysarn Limited and/or its wholly owned subsidiary Pentium Hydro Pty Ltd ('Vysarn' or 'the Company') is a leading provider of production critical, hydrogeological drilling and dewatering 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 endeavors to build upon its robust foundation via the implementation of a clearly defined growth strategy that will transform the Company into a specialised 'end-to-end' water service provider.

Corporate Snapshot*

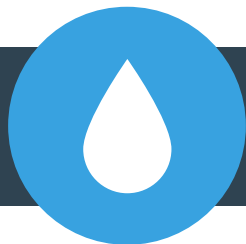
Share Price	\$0.095
Shares on Issue	~386.9m
Market Capitalisation	~\$36.75m
Net Debt	~\$9.0m
Enterprise Value	~\$45.75m
Top 20	51.1%
Board and Management	20.5%

*Share price, market capitalisation, share holdings as at 30 June 2021. Net debt as in ASX announcement Vysarn Operational and Earnings update 27 May 2021

Share Price Performance



Investment Highlights



Water Thematic

The Company's dewatering and hydrogeological drilling services are critical to maintaining production.

Demand for water related mining services continue to grow as new mines come online and production increases from below the water table.



Contract Pipeline

The Company's contract pipeline in 1H FY22 currently exceeds the capacity of the Pentium rig fleet.

Alternative strategies to meet rig demand such as; double-shifting, leasing and/or hire purchase arrangements currently being executed to assist with meeting excess rig capacity requirements.



Leading Equipment

The Company possesses one of the largest and newest fleets of hydro focused rigs in Australia.

Drill rigs have been upgraded to satisfy the stringent demands of tier-1 majors.

Only contractor with Foremost dual rotary, dual tube flooded reverse and conventional rig capabilities to meet the needs of all clients in all ground conditions.



Financial Performance

FY21 will deliver an EBITDA of approximately \$5m*.

The Company has established a robust foundation with budgeted FY22 EBITDA of \$10m-11m*.

The potential for further earnings subject to the execution of successful organic or acquisitive growth strategies.



Growth Strategy

The Company has developed a clearly defined growth strategy.

Firstly, to organically grow and optimise the core hydrogeological business.

Secondly, to transform the Company into an 'end-to-end' water service provider via vertical and horizontal integration.

FY21 – Earnings & Operational Update

FY21 was a transformative year, whereby the Company established itself as a leader in the sector and formed a robust foundation for significant growth

Executed key contracts

- During FY21, the Company increased rig deployment from 7 to 11 rigs. Rig deployment is anticipated to increase to 13 in July subject to completion of final rig upgrades (rigs in excess of Pentium fleet capacity are to be leased and/or hire purchased).
- Long term contract variations with key clients Fortescue Metals Group and Roy Hill Iron Ore.
- Executed quality scope of work contracts with Australian Potash and Iluka Resources.

Imported & upgraded rigs – Pentium Hydro now has one of the largest and newest fleet of hydro rigs in Australia

- Completed acquisition, import and upgrade (to meet stringent tier-1 specifications) of two dual-rotary rigs.
- Upgraded one of three Company owned Schramm TX130s to a dual-tube flooded reverse circulation rig.
- Received formal certification to ISO standards.

Hired key personnel

- Andrew Chandler (COO) – Ex General Manager of Easternwell Minerals.
- Made strategic decision in June quarter to pre-empt competitive labour market and hire key drilling personnel required to field 100% rig utilisation.

Delivered strong financial performance

- FY21 EBITDA of approximately \$5.0 million*.



FY22 – Earnings & Operational Outlook

The Company is budgeting FY22 EBITDA of \$10.0m - \$11.0m

Reaching steady state – rig utilisation

- 13 rigs are anticipated to be mobilised to site in July 2021 subject to the completion of final rig upgrades (rigs in excess of Pentium fleet capacity are to be leased and/or hire purchased).
- 1HFY22 contract pipeline provides demand in excess of the Company's current rig fleet capacity.

Demand for dewatering and hydrogeological services remains strong

- Pentium Hydro is experiencing significant demand for its services from active, previous and prospective clients.
- Demand is across various sectors, with iron ore producers most prevalent.
- Discussions with major tier-1 iron ore producers are ongoing.

Vysarn to deploy low-capex strategy to expand steady state capacity

- The recent execution of the Iluka contract exceeds the capacity of Pentium's rigs for the first half of FY22.
- Alternative strategies to meet rig demand such as; double-shifting, leasing and/or hire purchase arrangements currently being executed to assist with meeting excess rig capacity requirements.

Vertical integration

- Management is actively targeting an entry into the water service vertical during FY22, either organically or via acquisition.

Strong financial performance anticipated

- Budgeting FY22 EBITDA of \$10.0m – \$11.0m from the deployment of 12 rigs*.
- Budgeted aggressive amortisation of debt*.














Contracts in Place

Full Utilisation Contracted

- Pentium Hydro has successfully executed Master Service Agreements and scope of work contracts with a diversified range of clients.
- Transitioning from drill rates that relate to time and activity to a shift rate model. This model provides greater certainty and reduced volatility in monthly revenue.
- As of July 2021, the Company expects to have 13 rigs deployed across 5 key clients subject to the completion of a final rig upgrade (rigs in excess of Pentium fleet capacity are to be leased and/or hire purchased).
- Discussions with prospective tier-1 majors continue.

Expanding capacity beyond steady state

- Recent Iluka contract has exceeded rig capacity for work in hand during 1HFY22. The Company anticipates demand from active, previous and new prospective clients to potentially continue to exceed capacity throughout FY22.
- To satisfy demand, the Company is exploring low capital expenditure strategies:
 - **Double shifting:** Operating rigs 24 hours a day with two crews.
 - **Leasing equipment:** Eastern State based under utilised equipment identified, which Vysarn may lease, deploy and manage.
 - **Hire to purchase:** Low upfront option to acquire rig(s).

Active Clients	Client	Type	Length
		Master Service Agreement	3 + 2 years
		Master Service Agreement	3.5 +1 Years
		Scope of work	1 Year
		Scope of work	6 months
Previous Clients		Dry hire	Rolling
			
Prospective Clients			
			Wide variety of non-iron ore producers

Largest Hydro Fleet in Australia

Dual Rotary



DTFR



Conventional



Upgraded and certified: One of the largest and newest fleets of hydro focused rigs in Australia

- Pentium Hydro has become an industry leader by upgrading and certifying (ISO) its fleet of 12 rigs to satisfy the demands of tier-1 miners.
- Capital expenditure on the fleet is nearing completion. Capital light strategies (double shifting, leasing and hire purchase) are being executed to further increase rig count and utilisation .

Pentium Hydro is the only hydro drilling company in Australia that can provide all three forms of drilling; Foremost dual rotary (DR), dual-tube flooded reverse circulation (DTFR) and conventional rigs, to satisfy the hydrogeological drilling needs of clients in all ground conditions.

DR Rigs

- DR rigs, simultaneously drill and case holes, providing superior drilling efficiencies in ground conditions containing unconsolidated formations.
- Highly sought after by clients, providing Vysarn with 7 DR rigs, a clear competitive advantage.
- Only one competitor has access to a (older) fleet of 7 DR rigs.
- Availability, cost and long lead times of DR rigs provides competitive moat for Vysarn.

DTFR Rigs

- One Schramm T130XD has been upgraded from casing advance/conventional to DTFR. Indicative demand for a second DTFR conversion. The Company has two more T130XD's available for conversion to DTFR.
- DTFR enables fluids to circulate inside the dual tube pipe, minimising losses to the formation that can occur with conventional mud rotary drilling.
- Provides high penetration rates and allows large diameter single pass drilling.

Conventional Rigs

- Two Schramm T685 rigs that can be widely utilised across the industry.
- Highly effective for clients that require standard mud rotary delivered bores.

Water in the Pilbara

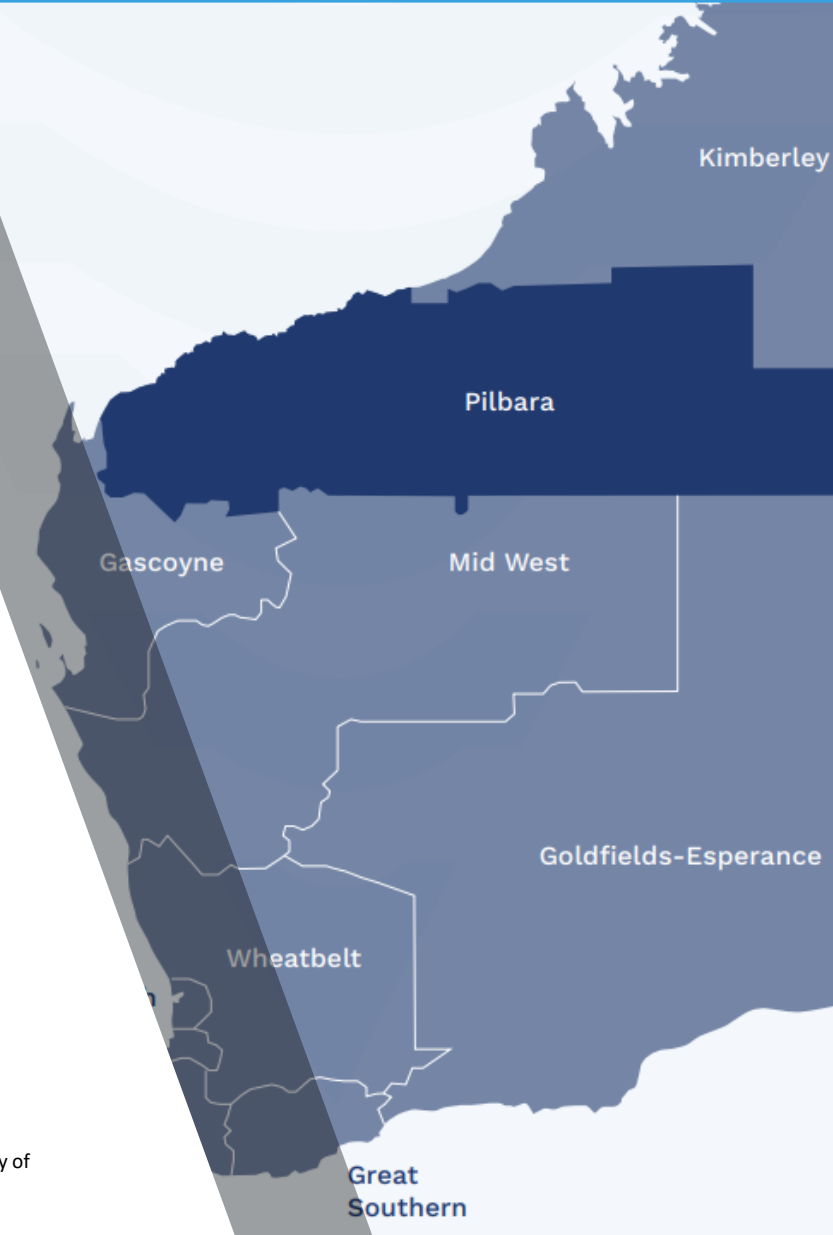
Dewatering is a critical operational imperative

Water in the Pilbara

- Dewatering is an operational imperative. Majority of iron ore mines established post 2000 have a significant portion of their economic ore body below the water table.
- Dewatering has become an operational imperative with water table issues becoming one of the largest impediments to ongoing production.
- Pumping must be continuously maintained to keep the groundwater levels suppressed and the mine pit dry.

Significant growth in water abstraction

- The Pilbara region abstracts in excess of 450 gigalitres of water per annum, which is 68% of total water abstracted in the Western Australian resource sector.
- Over 40% (265 gigalitres) is related to dewatering, which is returned to the environment or used in non-mining related activities.
- Over 65% of resources are below the water table, fueling demand for dewatering requirements.
- Total water abstraction within the Pilbara region is **expected to increase to over 578 gigalitres by 2024.**

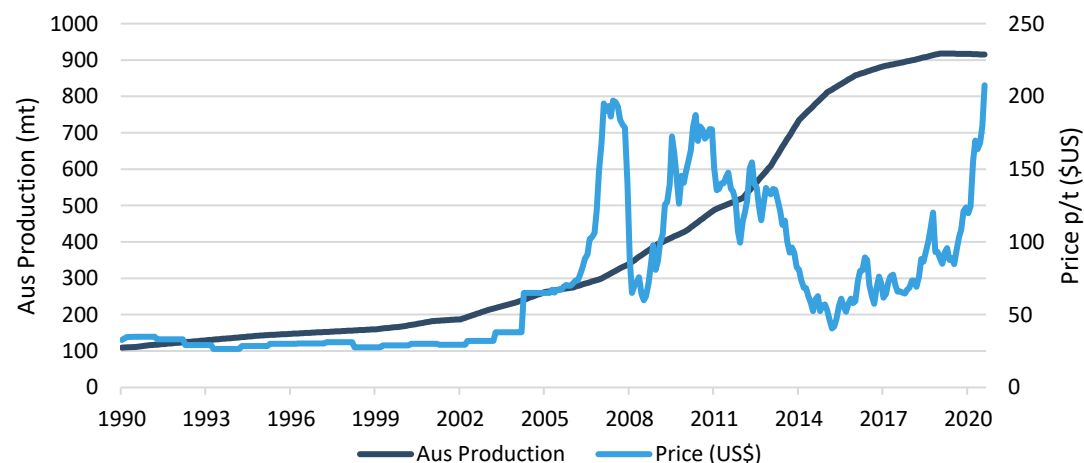


Iron Ore: A Strong Thematic

Increasing production through price volatility

- **High Demand** – Strong economic growth in China over the past decade has driven demand for Australian iron ore:
 - Global COVID stimulus has fueled prices to all time highs of US\$215 p/t.
 - WA's iron ore sales are forecast to increase to 862mt by 2022-23.
- **Lowest cost producer** – Australia is the lowest cost iron ore producer globally (US\$12.5–\$15.0 p/t).
- **Increased production through cycles** – Low cost and high grade has enabled Australian producers to increase production through price volatility.
- **Production = Dewatering** – To maintain production, iron ore producers require significant dewatering and hydrogeological drilling services.

Iron Ore Production vs. Price (1990 – 2020)



Demand from iron ore set to increase

Demand for dewatering and hydrogeological services from the iron ore sector is anticipated to increase with continued growth of the sector:

Existing mines are expanding below the water table

- Demand for dewatering is amplifying as a greater proportion of economic resources lie below the water table.

New mines coming online

- WA has \$17bn+ of major iron ore projects, committed or under construction.
- Two mines were completed and commenced production in 2019 & 2020.
- Seven mines are expected to commence production in 2021 & 2022.

Mines under construction

Operator	Mine/Deposit	Mtpa	Start-up
BHP	South Flank	80	2021
Rio Tinto	Robe Valley Mesa B,C & H	n.a.	2021
Rio Tinto	West Angelas Deposits C & D	n.a.	2021
Rio Tinto	Koodaideri	43-70	2021
Rio Tinto	Western Turner Syncline 2	30	2021
FMG	Iron Bridge Stage 2	10-22	2022
FMG	Queens Valley (Solomon Hub)	n.a.	2022

Defined Growth Strategy

“The Company’s vision is to become the pre-eminent whole of life end-to-end water service provider”

FY2021

Specialist Hydrogeological Driller

- EBITDA ~\$5m*
- Achieve operational excellence in core business as a Tier 1 preferred contractor
- Achieve full asset utilisation
- Target the initial implementation of steady state operations that can produce monthly EBITDA run rate of \$1.0m+ per month^
- Identify an organic or acquisitive entry into the water services vertical

FY2022

Vertically Integrated Water Services Provider

- EBITDA \$10m+*
- Maintain full asset utilisation in core business
- Implement double shifting of a percentage of assets in core business
- Execute organic entry or acquisition of vertical opportunity
- Target company transformational vertical and horizontal acquisitions in water services across Australia

FY2023+

Large Diversified Water Services Provider

- EBITDA – Targeting sustained YoY growth
- 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

Organic Growth and Optimisation

Whilst the Company is looking to grow via acquisition, there is still growth to be harvested from optimisation and improvements in the core business



Achieve operational excellence in the core business

- Utilise rigs and ancillary equipment for 12 months of the year
- Target MSA's and contracts that provide multi year work for rig suites
- Maximise return on net operating assets
- Rig suite mix of Company owned assets and leased assets
- Rig fleet moving to double shifts where possible



Increase profitability from current fleet

- Standardised and predictable structure of client contracts to achieve earnings from all operating activities
- Qualify as a Tier 1 miner preferred contractor
- Real time analytics and job management via information systems
- R&D in automation, safety, maintenance and reporting
- Aggressive BDM
- Incremental increases in rates charged to move with the market



Increase profitability from a larger asset base

- Single rig acquisitions, targeting specific client needs and market demand in core competency
- Rig suite mix of Company owned assets and leased assets
- Balance of capital intensive and capital light growth initiatives

Growth Strategy – Vertical Integration

Vysarn intends to build value, scale and diversity through organic growth and strategic acquisitions

- Vysarn has formed a four staged strategy to vertically integrate upstream and downstream ancillary services and water control
- Vysarn currently provides Drilling within Stage 2 of the water vertical
- There is demand from current customers to expand the service offering beyond hydrogeological drilling services
- Successful execution can deliver significant scale and transform Vysarn into a specialised whole of life water service provider
- This will come about via acquisition and organic business development

Acquisitions must meet the following criteria:

- 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

The benefits of these acquisitions will be to:

- Reduce economic and concentration risk associated with one core business
- Increase market capitalisation and shareholder value
- Better service current and prospective customers
- Be the clear market leader and 'go-to' provider of end-to-end water services

Stage 1

Design

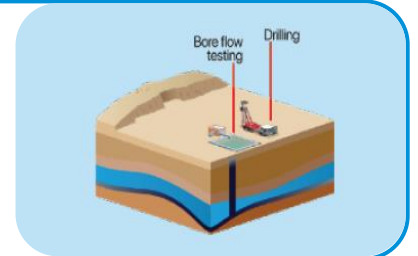
- Hydrogeological Consulting
- Borefield Design
- Infrastructure Design
- Engineering



Stage 2

Extract

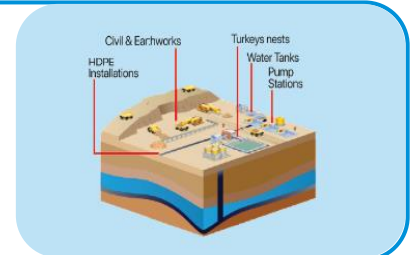
- ✓ **Drilling**
- Borefield Construction
- Test Pumping
- Headworks



Stage 3

Transfer

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



Stage 4

Store

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





Key Contacts

Mr 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



Pentium Hydro Office

11 Gavranich Way,
Wangara WA 6065

Telephone: +61 8 6144 9777

Website: www.pentiumhydro.com.au

