

**VYSARN**  
LIMITED



**AGM PRESENTATION**  
**NOVEMBER 2020**

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# Corporate Snapshot



## About Vysarn Limited (ASX:VYS)

Vysarn Limited ('Vysarn' or 'the Company') commenced operations in September 2019, quickly establishing itself as a leading provider of production critical, hydrogeological drilling and dewatering services.

The Company has experienced significant interest for its offering, primarily driven by tier-1 iron ore and gold producers that are facing mounting dewatering issues as a greater proportion of their resources lie below the water table.

Driven by industry demand, Vysarn has a clear growth strategy that will transform the Company into a specialised 'end-to-end' water service provider.

## Corporate Snapshot (18.11.2020)

Share Price	\$0.098
Shares on Issue	~386.9m
Market Capitalisation	~\$37.9m
Cash at Bank (30.06.2020)	~\$9.7m
Equipment Finance (30.06.2020)	~\$9.7m
Enterprise Value	~\$37.9m
Top 20 (18.11.2020)	50.4%
Board and Management (18.11.2020)	20.5%



# Board and Executive Management



**Peter Hutchinson**  
**Non-Executive Chairman**

Business leader with over 30 years' experience managing a diverse portfolio of industrial investments in manufacturing, engineering, property and construction, at the most senior levels. Founding Director of Forge Group Ltd, floated in 2007 with a market cap of \$12m and reaching over \$450m at the time of his resignation as CEO and final sell down in July 2012. Also former Chair of Resource Equipment Ltd and founding shareholder and Chairman of Mareterram Ltd both subject to successful takeover bids at significant premiums to market



**James Clement**  
**CEO & MD**

An experienced manager and ASX company director with a demonstrated history of working in finance and industry. Skilled in strategy, business planning, team building, management and mergers and acquisitions. He has a strong professional background having graduated from Latrobe University (MBA), Curtin University (BSc) and the AICD. Previously CEO and MD ASX:MTM, Institutional dealer Euroz Ltd, fund manager and investment adviser. Life member Collingwood Football Club



**Sheldon Burt**  
**Executive Director**

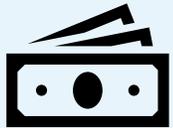
Drilling industry professional with over 30 years national and international experience including field based, operations, senior management and directorship roles. Former General Manager of Easternwell Minerals, a leading drilling contractor with operations throughout Australia, specifically in the hydro drilling space. Sheldon is also a Director of Vysarn Limited.



**Chris Brophy**  
**Non-Executive Director**

Accomplished business leader with over 15 years of senior leadership and consulting experience within the Mining, Oil & Gas and Infrastructure industries. Mr Brophy is a specialist in strategy, portfolio growth, financial and operational restructuring. Drilling experience gained during several years with Easternwell Minerals where he held operations and commercial management roles.

# Investment Highlights



## Delivering Profits

During FY20 Vysarn grew monthly revenue from zero to \$2.5m per month. Net operating cashflow of \$2.0m in FY20



## Strong Growth Thematic

Demand for hydrogeological services continues to grow as clients increase production from below the water table



## Critical to Production, not Exploration

Vysarn has quickly positioned itself as a premium provider of services that are critical to maintaining mining production



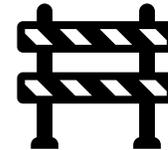
## Robust Balance Sheet

Net assets of ~\$24.3m (cash: ~\$9.7m & debt: ~\$9.7m as at 30 June 2020) positions Vysarn to pursue its growth strategy



## Clear Growth Strategy

Robust foundation established to facilitate a vertical integration strategy that will transform the Company into a specialised 'end-to-end' water service provider



## Competitive Moat

Concentrated competition combined with the cost and long lead-time of new specialised rigs provides a barrier to entry



## Servicing Tier-1 Clients

Vysarn has established a great reputation servicing tier-1 iron ore and gold producers, providing a platform for further growth



## Experienced Board & Management

Experienced and highly regarded Board with a history of delivering significant shareholder returns

# FY20 Results Overview



## FY20 Profit & Loss – A Strong First Year

From IPO in September 2019, Vysarn established operations and delivered profitability

- Total revenue: \$19.3m
- Operational revenue: \$11.9m
- Other income primarily from gain on bargain purchase: \$7.2m
- Share based payment expense: \$1.7m
- IPO transaction costs: \$0.43m
- Corporate overheads (excl. interest & depreciation): \$0.32m per month
- Net operating cashflow: \$2.0m

FY20 – Profit and Loss		
	30 June 2020	30 June 2019
<b>REVENUE</b>		
Revenue from operations	11,912,589	163,459
Other income	7,383,749	-
<b>TOTAL REVENUE</b>	<b>19,296,338</b>	<b>163,459</b>
<b>EXPENSES</b>		
Administration and corporate expense	(1,267,399)	(473,285)
Employee benefits expense	(6,724,729)	(174,000)
Consumables and other direct expenses	(5,248,851)	
<b>EBITDA</b>	<b>6,055,519</b>	<b>(483,826)</b>
Depreciation and amortisation expense	(2,987,580)	-
Finance costs	(595,036)	
<b>PROFIT BEFORE INCOME TAX</b>	<b>2,472,743</b>	<b>(483,826)</b>
Income tax benefit	2,362,552	-
<b>PROFIT AFTER INCOME TAX EXPENSE</b>	<b>4,835,295</b>	<b>(483,826)</b>

# FY20 Results Overview cont.

## FY20 Balance Sheet – Remains Robust

Vysarn's balance sheet has transformed over the past 12 months

- Strong cash position: \$9.7m
- Capital raise via a rights issue in FY20: \$4.0m\*
- Plant and equipment: \$24.7m
- Purchased 2 extra DR rigs from New Zealand: \$2.2m
- Equipment finance: \$9.7m
- The value of Vysarn underpinned by net assets: \$24.3m

\*rights issue conducted to prepare for further COVID-19 related shocks, debt management or funding growth options

FY20 – Balance Sheet		
	30 June 2020	30 June 2019
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	9,706,113	6,983,931
Trade receivables	2,766,495	36,206
Inventories	2,641,305	-
Assets classified as held for sale	152,727	-
Prepayments and other assets	161,871	14,501
<b>TOTAL CURRENT ASSETS</b>	<b>15,428,512</b>	<b>7,034,638</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	24,707,782	-
Right of use asset	725,330	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>25,433,112</b>	
<b>TOTAL ASSETS</b>	<b>40,861,623</b>	<b>7,034,638</b>
<b>CURRENT LIABILITIES</b>		
Borrowings	3,070,264	-
Trade and other payables	4,852,027	110,492
Employee liabilities	215,488	-
Lease liability	186,473	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,324,252</b>	<b>110,492</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	6,707,770	-
Lease liability	581,895	-
Deferred tax liability	912,798	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>8,202,463</b>	
<b>TOTAL LIABILITIES</b>	<b>16,526,715</b>	<b>110,492</b>
<b>NET ASSETS</b>	<b>24,334,908</b>	<b>6,924,146</b>

# Key Milestones

## Company Milestones



### Earnings

- FY20 \$6.0m EBITDA (includes gain on bargain purchase, share based payments and IPO transaction costs)
- FY21 earnings anticipated to be \$6.0m EBITDA subject to rig utilisation (operational earnings). Potential to outperform if several earmarked multi-rig, multi-year contracts are won during 2HFY21\*
- Early FY21 earnings foundation achieved with Vysarn generating \$2.0m EBITDA in the first four months of FY21 (July to October unaudited management accounts)



### Early Rig Utilisation

- Seven Rigs deployed with tier-1 clients in 1HFY21
- Opportunities to deploy 100% of rigs by the end of FY21 (12 rigs)



### ISO Accreditation

- Stage 1 of ISO accreditation process – Complete
- Stage 2 of ISO accreditation to occur in December 2020 - Pending
- Accreditation to position Vysarn as a preferred contractor for all tiers of current and prospective clients across multiple industries



### Key Contract

- Targeting the execution of a multi-rig, multi-year contract with a leading tier-1 client by 30 June 2021



### 100% Rig Utilisation

- Targeting 100% rig utilisation by 30 June 2021 (12 rigs)
- Two rigs currently being upgraded to satisfy RIO/BHP compliance specifications – Targeted deployment Q3FY21
- Two rigs purchased from New Zealand being brought into rig readiness state – Targeted deployment Q3 and Q4FY21



### Vertical Integration

- Targeting an entry into the water vertical via organic development or earnings accretive acquisition by 30 June 2021

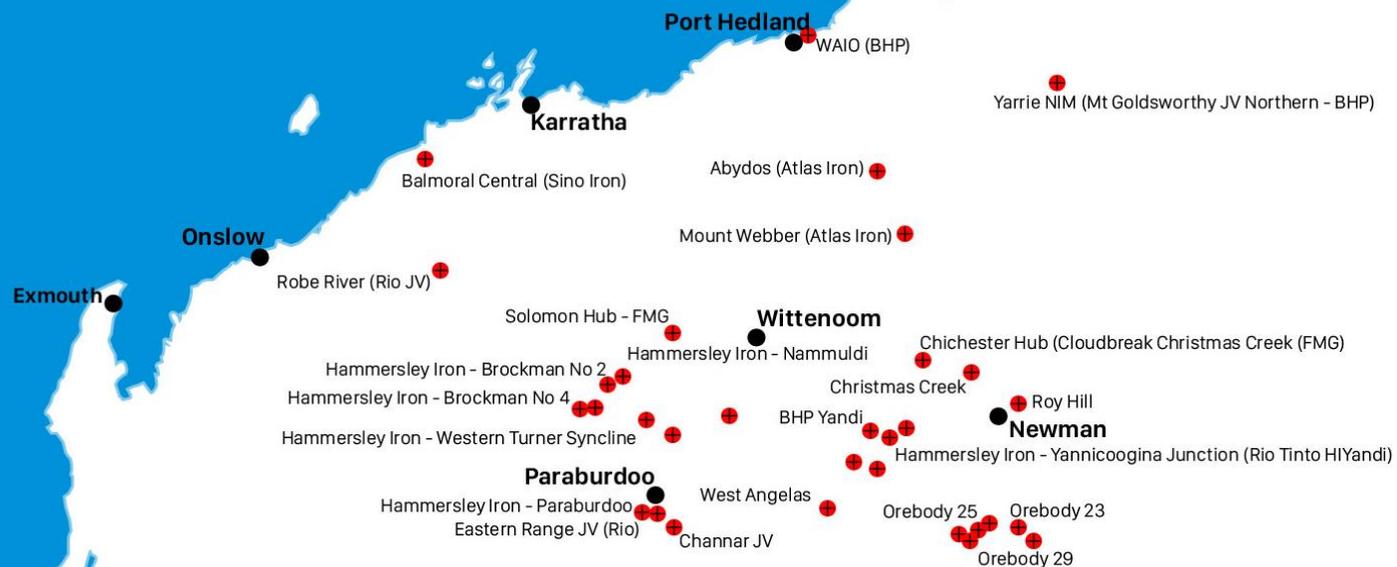
\*outlined within the full year results commentary and the Managing Director's report within the Annual Report – released on the ASX 16 October 2020



# STRATEGY & OUTLOOK

# Water in the Pilbara

## Dewatering is an operational imperative



### Pilbara Production is Heading Under Water

- Dewatering has become an operational imperative with water table issues becoming one of the largest impediments to ongoing production
- 65% of the economic resources in the Pilbara are under the water table, requiring significant dewatering to mine
- Pumping must be continuously maintained to keep the groundwater levels suppressed and the mine pit dry

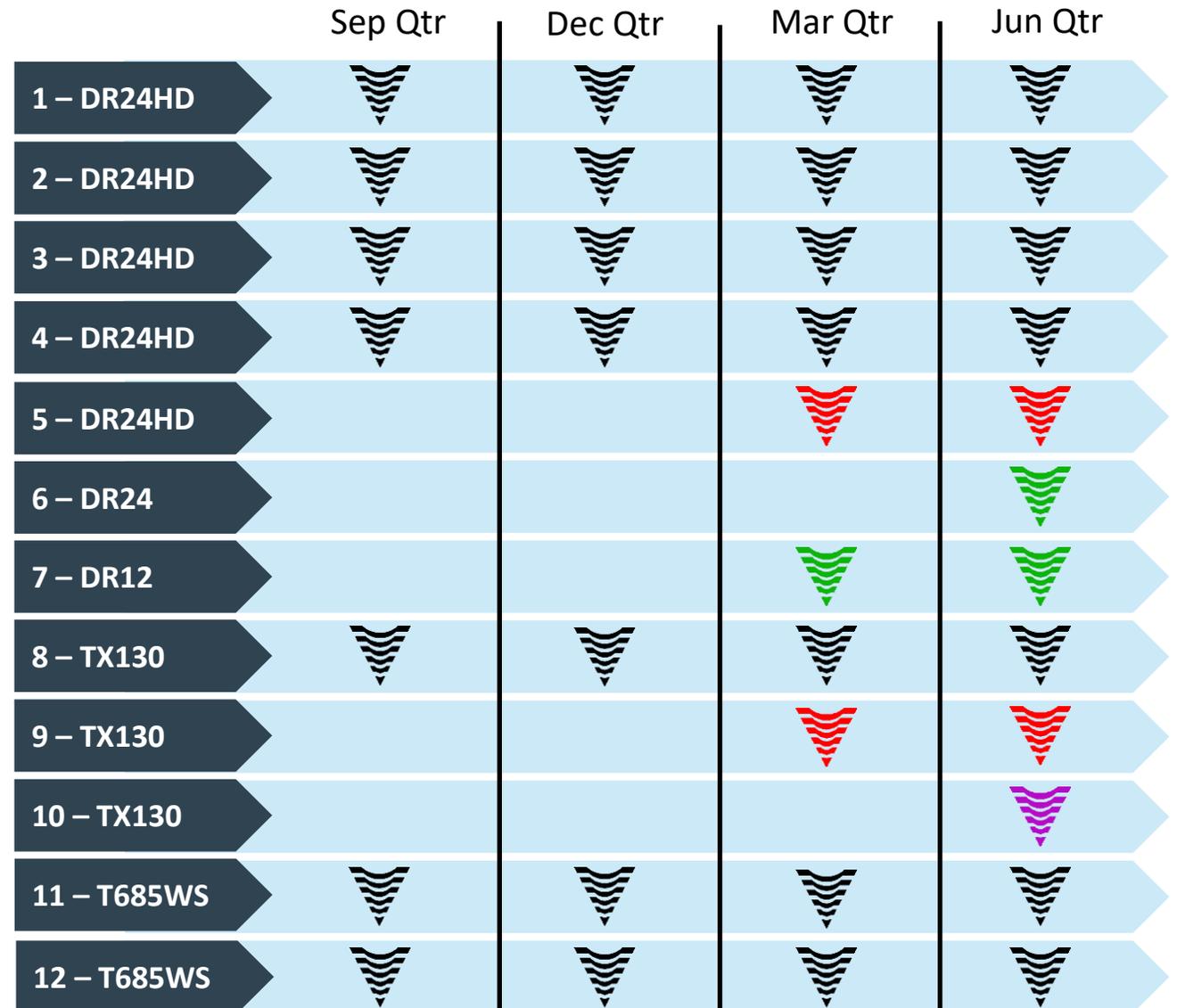
### Significant Growth in WA Water Abstraction

- **The Pilbara region abstracts** over 450 GL of water p.a. which is expected to increase to over ~575 GL by 2024.
- **Western Australia resource sector (WA) abstracts** over 650 GL of water p.a. which is expected to increase to ~775 GL by 2024
- The growing dewatering requirements of WA present an opportunity for Vysarn to develop a significant end to end water service business

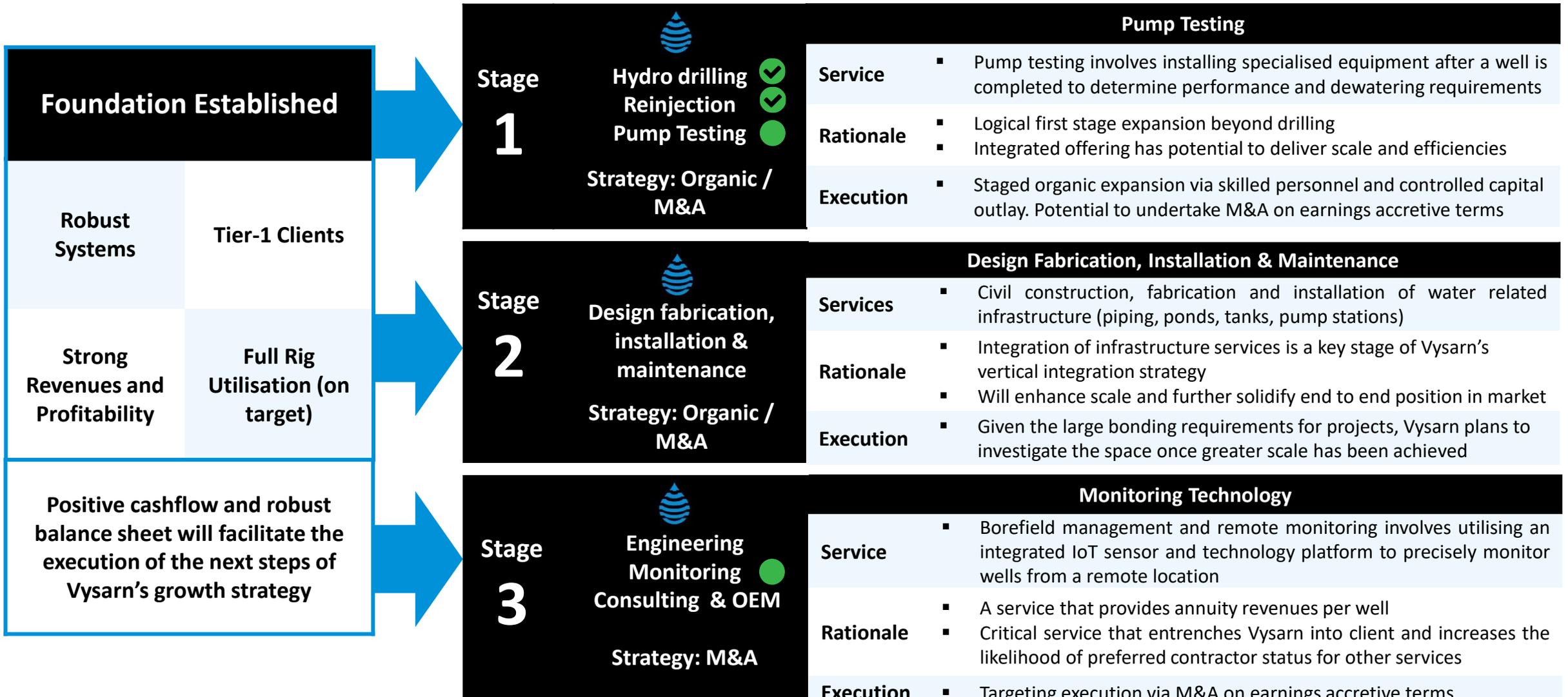
**Note:** information in this slide has been sourced from the Western Australian Resources Sector Outlook Report 2018-2028 prepared by KPMG and the Chamber of Minerals and Energy of Western Australia available here: <https://www.cmewa.com/policy-and-publications/annual-reports-submissions-publications/preview?path=2018-2028%2BResources%2BSector%2BOutlook%2BReport%2Bv1.0.pdf> Investors should have regard to the disclaimers set out in that report in assessing the information in this slide

# FY21 Rig Deployment Targets

Quarter	Rigs Deployed	Commentary
Sept Qtr	7	<ul style="list-style-type: none"> <li>Seven rigs deployed across four clients</li> <li>Current utilisation underpins foundation of anticipated \$6.0m FY21 EBITDA run rate</li> </ul>
Dec Qtr	7	<ul style="list-style-type: none"> <li><b>Rig 5</b> and <b>Rig 9</b> currently being fitted to RIO/BHP compliance in anticipation of targeting a multi-rig, multi-year contract in the March Quarter</li> </ul>
Mar Qtr	10	<ul style="list-style-type: none"> <li><b>Rig 6</b> and <b>Rig 7</b> (purchased from New Zealand) arrived in September and are being brought into rig readiness state</li> </ul>
Jun Qtr	12	<ul style="list-style-type: none"> <li><b>Rig 10</b> to be brought into rig readiness and deployed in June Quarter</li> </ul>



# Growth Strategy – Next Steps



# Executive Management – Key Appointment

## Vysarn's Executive Management Appointment

Vysarn's wholly owned subsidiary Pentium Hydro Pty Ltd recently appointed Andrew Chandler to the position of Chief Operating Officer

- Previously the General Manager of market leading hydrogeological drilling company Easternwell Minerals
- Will commence the role in February 2021 or as otherwise agreed between Pentium Hydro and Mr Chandler

## Experience to Drive Growth

Mr Chandler is highly qualified and brings with him the required skills to meet the demands of Vysarn's impending growth

- Mr Chandler has a wealth of experience in drilling business management, team building and leadership, technical intellectual property and deep client relationships that will be of value to Vysarn
- Initial role focus will be on driving immediate growth of the core business via 100% utilisation of drilling assets
- Mr Chandler will then assist in the transformation of Vysarn's core business into a whole of life, vertically integrated water specialist to the resource sector



**Andrew Chandler**

**Pentium Hydro - Chief Operating Officer**

Andrew has over 25 years of experience in the mineral exploration and resources industry, starting in field-based roles and gaining experience to become General Manager of market leading hydrogeological drilling company, Easternwell Minerals.

As General Manager, Andrew oversaw the delivery of drilling and completion services with a focus on providing safe, efficient and professional operations to Australia's largest resource companies. Andrew holds tertiary qualifications in Business and Geoscience.

Vysarn has established its foundations with tier-1 customers, a robust balance sheet, strong management team and board, and a skilled workforce.

Throughout the remainder of FY21, the Company aims to continue to build the core business whilst seeking to execute growth opportunities that deliver long term, sustainable value for shareholders.

*“In the Company’s first nine months we’ve been able to establish profitable operations and form a robust business. We’re set to build upon this foundation and leverage the water thematic to transform the Company into an integrated service provider.”*

**James Clement**  
Vysarn’s CEO and MD

## Rig Utilisation

- Vysarn has visibility on upcoming rig deployment contracts, which will likely result in the five remaining rigs being deployed by Q4FY21
- Two rigs are being brought up to RIO/BHP specifications. Targeting deployment Q3FY21
- Two New Zealand rigs arrived in September 2020 and are being prepared for deployment by Q3/Q4FY21
- The one remaining rig will be deployed in Q4FY21 to either a new or existing client

## Financial Performance

- \$2.0m EBITDA achieved from the first four months of FY21 (unaudited)
- Early financial performance of the Company underpins an anticipated FY21 EBITDA benchmark of \$6.0m
- Potential to materially outperform this EBITDA benchmark if earmarked multi-rig, multi-year contracts are won early in 2HFY2021

## Corporate Development

- Vysarn has established a strong foundation to facilitate corporate initiatives
- Management have identified opportunities in Stage 1 and Stage 3 of the vertical integration strategy
- These opportunities encompass organic business development and minor bolt-on services through to company transformational acquisitions