

Verbrec's StacksOn™ stockpile monitoring system just got a major endorsement with BHP deal

Verbrec is transforming the way mining companies monitor their stockpiles with their new software StacksOn™ and none other than the Big Australian is showing its support.

Verbrec (ASX:VBC) is confident its first product offering, stockpile monitoring software StacksOn™, will provide future growth opportunities for the company after signing a multi-year licence agreement with mining giant BHP.

Under the agreement BHP will use Verbrec's proprietary internally developed software at its Western Australian iron ore mines.

Verbrec CEO Linton Burns told Stockhead StacksOn™ tracks material properties such as grade, orebody origin, and "time since stacked" in a virtual 3D stockpile.

He said it had been developed and refined for more than 10 years to originally use in-house and provides the unique ability to monitor inventory, stockpiling and cashflow.

"You might have seen stockpiles of iron ore at a mine site where they are

about to be loaded onto a rail network to transport to port and then at a port there are more stockpiles waiting to be loaded onto a ship for export," he said.

"It is collecting data at those stockpiles including grade, orebody origin and "time since stacked" to improve stockpile capacity and grade control.

"StacksOn™ provides real-time visualisation of product grade within the stockpile allowing miners to reclaim right on the specifications needed for shipping to deliver in terms of their contract requirements. StacksOn™ can also be used to predict and address off-spec shipments before they are filled."

Verbrec forecasts further contracts with BHP and other miners

Burns said StacksOn™ opens extensive opportunities for growth. He said the

company was hopeful of rolling out the Stack-sOn™ software beyond BHP's WA mines.

"The feedback has been fantastic with BHP seeing the value in real time monitoring of the grade of iron ore they are reclaiming from their stockpile," he said.

"We started with one BHP mine site and now it's being implemented at a further three within the WA Pilbara region. We see opportunity to implement Stack-sOn™ wherever there's a stockpile, including at their ports.

"In addition to BHP we will also target the other WA iron ore producers including Rio Tinto, Fortescue Metals and Roy Hill."

But it's not just iron ore producers Verbrec is targeting with Stack-sOn™. Coal producers along Australia's east coast also monitor their stockpiles.

"In Queensland there are a lot of coal stockpiles in the Bowen Basin both at the mines and at the ports," he said.

"BHP has coal operations on the east coast so we're keen to leverage our strong relationship with their iron ore business and implement Stack-sOn™ within their coal operations as well."

Stack-sOn™ part of Verbrec's refocused growth strategy

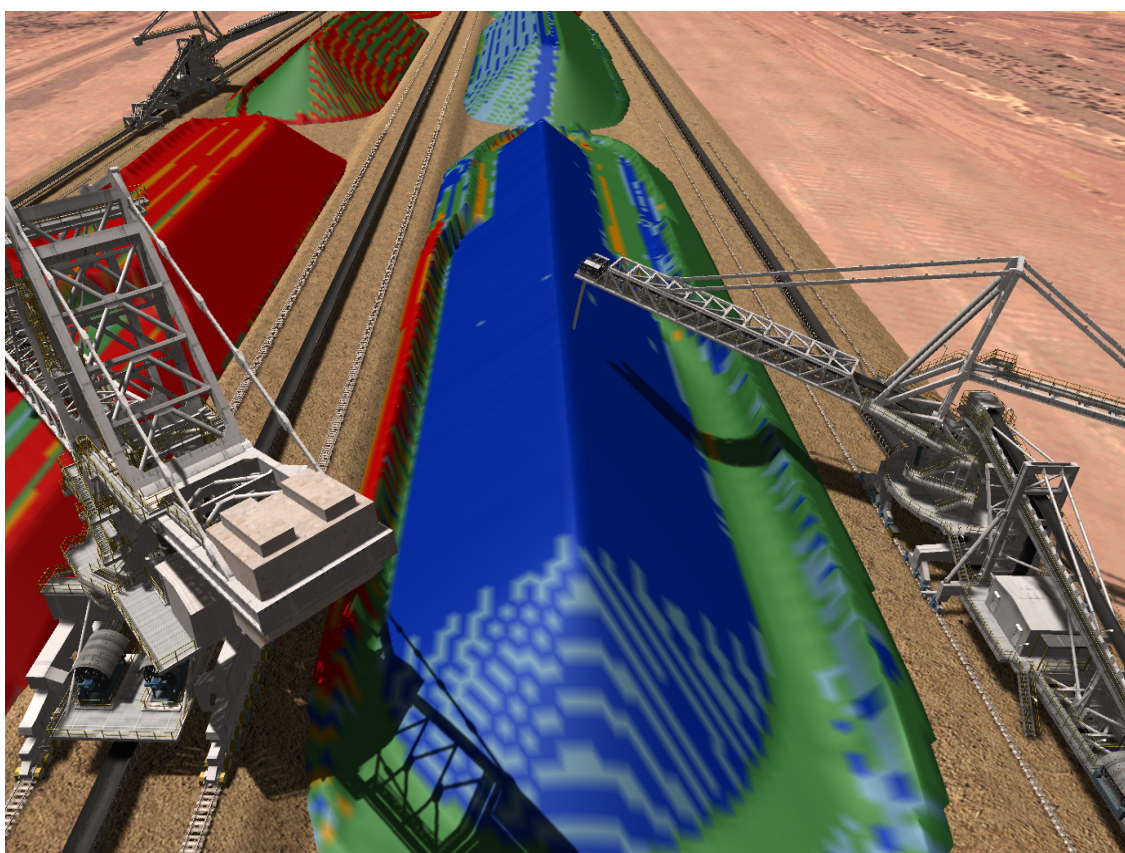
Burns said the agreement with BHP and development of Stack-sOn™ as a product represents further delivery of Verbrec's refocused growth strategy of growing non project-based and recurring revenues.

"Right now, we are known as a service provider, with Stack-sOn™ we have launched our

first product. We will do everything we can to maximise the commercial opportunity that this presents, be it in Australia or overseas," he said.

"It was a watershed moment to be able to sign a multi-year agreement with a global company like BHP because it really validates value within the product.

"Stack-sOn™, being a software product, it will



generate much higher gross margins than the existing services business which generated underlying gross margins of 32.5% in the last financial year. We will also generate revenue implementing the product via a fee-for-service arrangement."

Burns said the company would initially focus Stack-sOn™ on the Australian market, where it has built strong relationships with local miners, but venturing to countries like Brazil which have a large mining industry was also part of its long-term growth plans.

Stack-sOn™ capitalising on how companies monitor assets

Burns said Stack-sOn™ was an example of the

benefits of digitalisation that is occurring everywhere.

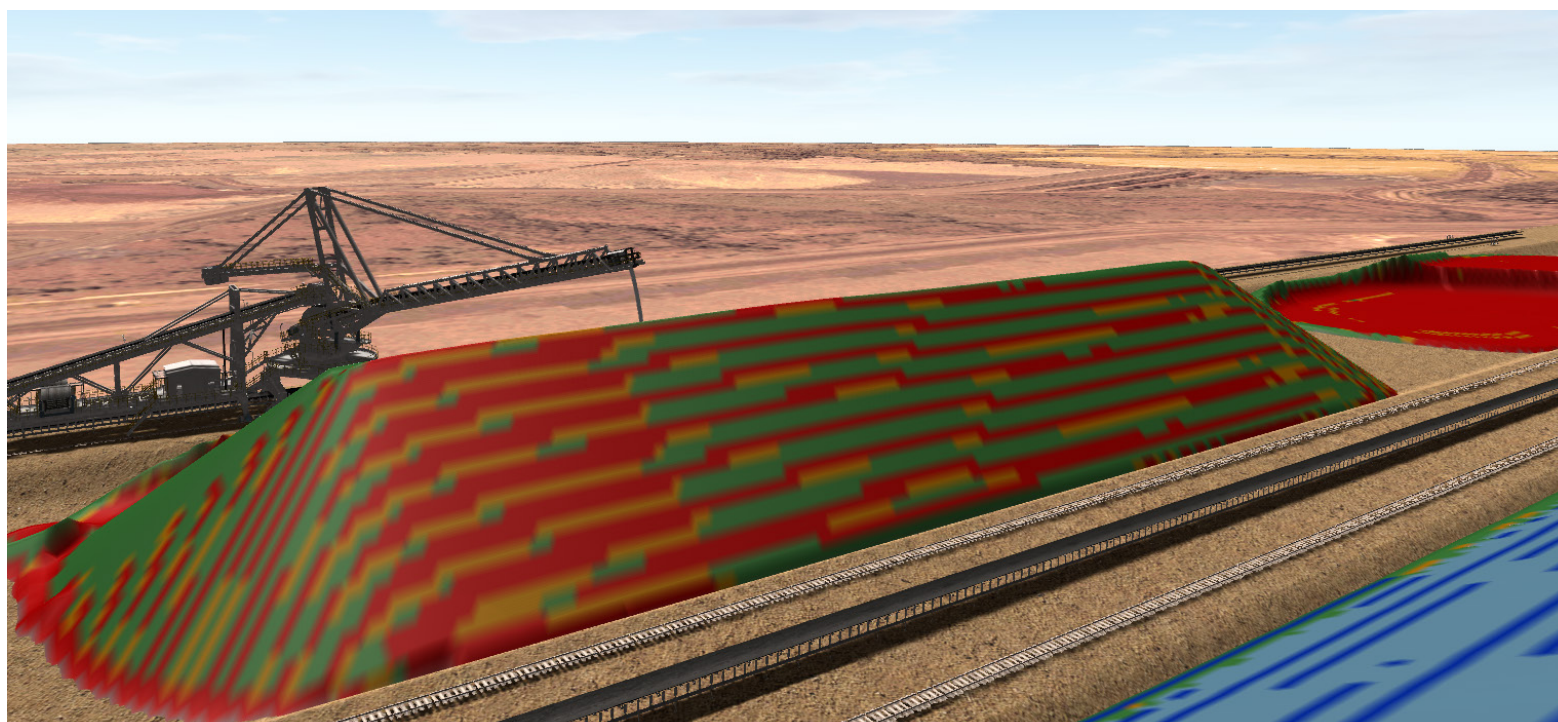
"StacksOn™ is taking data and representing it in a very user-friendly visual way so companies have the ability to control their operations live and how they might optimise their stock-pile assets," he said.

"With our software and control systems engineering capability we see a lot of future growth opportunities in this area as companies transform their legacy assets."

was used primarily to replenish the balance sheet and to fund the working capital requirements following the acquisition of training service provider Site Skills and infrastructure service provider EIM.

Burns said he is confident of a strong year for the company with current work-in-hand at an all-time high at close to \$80 million.

"A key indicator of our forward revenues is how strong our order book is, and it is very strong at present," he said.



Verbrec forecast strong growth in year ahead

Despite the impacts of COVID-19 and several poor performing legacy projects FY21 was a successful year for Verbrec with the company, which has a workforce of around 670 people, completing two acquisitions as part of its growth strategy and a successful **\$3 million capital raise**.

Supported by institutional, sophisticated and strategic investors, the raise

"Work-in-hand has more than doubled from a year ago and several key financial indicators have risen 20-25% from the lows seen in early 2021," he said.

This article was developed in collaboration with Verbrec, a Stockhead advertiser at the time of publishing.

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