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ATTORNEYS FOR DEBTORS

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:	§	Chapter 11
	§	
Vista Proppants and Logistics, LLC, *et al.*,[1]	§	Case No. 20-42002-ELM-11
	§	
Debtors.	§	Jointly Administered

DECLARATION OF SANJIV SHAH IN SUPPORT OF CONFIRMATION OF THE DEBTORS' FOURTH AMENDED JOINT PLAN OF REORGANIZATION

Pursuant to 28 U.S.C. § 1746, I, Sanjiv Shah, hereby submit this declaration (this "Declaration") under penalty of perjury:

[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, include: Vista Proppants and Logistics, LLC (7817) ("Vista HoldCo"); VPROP Operating, LLC (0269) ("VPROP"); Lonestar Prospects Management, L.L.C. (8451) ("Lonestar Management"); MAALT Specialized Bulk, LLC (2001) ("Bulk"); Denetz Logistics, LLC (8177) ("Denetz"); Lonestar Prospects, Ltd. (4483) ("Lonestar Ltd."); and MAALT, LP (5198) ("MAALT"). The location of the Debtors' service address is 4413 Carey Street, Fort Worth, TX 76119-4219.

1. I am a Managing Director and Co-Head of Energy Investment Banking of Simmons Energy, a division of Piper Sandler & Co. ("Piper Sandler"), an investment banking firm with principal offices located at 609 Main Street, Suite 3800, Houston, TX 77002.

2. I submit this declaration in support of the *Fourth Amended Joint Chapter 11 Plan of Reorganization of Vista Proppants and Logistics, et al., Pursuant to Chapter 11 of the Bankruptcy Code* (as amended, supplemented, restated, or modified from time to time, the "Plan")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors").

3. I am authorized to submit this declaration on behalf of Piper Sandler. All facts set forth in this declaration are based upon my personal knowledge, information supplied to me by other Piper Sandler professionals, or learned from my review of relevant documents. To the extent any information disclosed herein requires amendment or modification as additional information becomes available to Piper Sandler, a supplemental declaration will be submitted to this Court reflecting such amended or modified information.

Background and Qualifications

4. On September 24, 2020, the Bankruptcy Court entered the *Order Authorizing the Employment and Retention of Piper Sandler & Co as Investment Banker to the Debtors in Possession* [Docket No. 588].

5. Piper Sandler is an international investment banking and financial advisory firm, with over 60 offices worldwide and more than 1,500 employees. Piper Sandler provides corporate finance and investment banking services, as well as execution capabilities, in a variety of areas,

[2] Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan, or in the *Brief In Support of Confirmation of the Fourth Amended Joint Plan of Reorganization of Vista Proppants and Logistics, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 685] (the "Confirmation Brief"), as applicable.

including financial restructuring. Piper Sandler is one of the leading advisors and investment bankers to troubled companies, both inside and outside of bankruptcy, as well as to their bondholders, banks, other secured and unsecured creditors, official committees, acquirers, equity sponsors, and other parties in interest involved with financially challenged companies. Piper Sandler's Restructuring and Special Situations Group has provided advisory services on over 100 transactions, valued in excess of $200 billion.

6. Additional information regarding Piper Sandler's background, qualifications, history with the Debtors, and compensation structure is contained in the *Debtors' Expedited Application for Entry of an Order Under 11 U.S.C. §§ 327(a), 328(a), and 1107(b) Authorizing the Employment and Retention of Piper Sandler & Co. as Investment Banker for the Debtors in Possession* [Docket No. 531].

Valuation Assignment & Opinion

7. Piper Sandler has performed an analysis (the "Valuation Analysis") to determine an estimated range of a reorganization value of the Reorganized Debtors (the "Total Enterprise Value" or "TEV"). Based on the analysis described below, Piper Sandler has concluded that the Total Enterprise Value is approximately $103 million to $153 million (with a midpoint estimate of approximately $128 million) as of the assumed Effective Date (the "Assumed Effective Date") of November 11, 2020.

Information Considered

8. In developing its opinion of the Total Enterprise Value, Piper Sandler considered (i) certain historical financial information of the Debtors; (ii) certain internal financial and operating data of the Debtors, including the Financial Projections; (iii) information from discussions with certain members of the Debtors' senior management regarding operations and

future prospects; (iv) publicly available financial data and the market value of companies generally comparable to the Debtors' operating business; (v) publicly available financial data for merger and acquisition transactions of companies generally comparable to the Debtors' operating business; (vi) certain economic and industry information relevant to the operating business; and (vii) other such studies, analysis, inquiries, and investigations as Piper Sandler deemed appropriate in developing its Valuation Analysis. Although Piper Sandler conducted a review and analysis of the Debtors' business operating assets and liabilities and the Debtors' business plan, it assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors, as well as publicly available information.

Valuation Assumptions

9. Piper Sandler's Valuation Analysis is based upon the following assumptions:

- Assumed Effective Date: The Valuation Analysis assumes that the Plan will be consummated on or about November 11, 2020.

- Financial Projections: Piper Sandler's analysis is based, in part, on the financial projections prepared by the management of the Debtors, with the assistance of their advisors, for October 2020 through December 2021 and included as Exhibit 4 to the Disclosure Statement (the "Financial Projections"). Such projections have been reasonably prepared in good faith and on a basis reflecting the best, currently available estimates and judgments of the Debtors as to the future operating and financial performance of the Reorganized Debtors. In my view, based upon my education, training, valuation experience and expertise, and informed judgment, the Financial Projections are reasonable.

- Market Conditions: The effects of the COVID-19 pandemic have taken a significant toll on energy markets and the nation's financial system. The COVID-19 pandemic continues to spread, further affecting exploration and production activity and creating operations challenges due to travel restrictions, social distancing guidelines, business restrictions, and other logistical hurdles.

- Operating Projections: The Debtors anticipate being in a state of minimal operations for a period of up to 18 months after the Effective Date. During this minimal operation period, the Reorganized Debtors intend to maintain and operate the West Texas, Granbury, and Tolar mines, as well as the Barnhart and Gonzalez transload facilities and a corporate office. The Debtors intend to closely monitor industry conditions and maintain operational readiness so that at the appropriate time, the Debtors can recommence their businesses in the future.

- Plan Implementation: The Reorganized Debtors' business plan will be successfully implemented, which includes, but is not limited to: (i) access to adequate exit financing; (ii) the leadership of the management team; and (iii) successful reorganization of the Debtors' business and finances in a timely manner.

10. I believe the assumptions underlying the Valuation Analysis are reasonable.

Valuation Methodology

11. Piper Sandler performed a variety of analyses and considered a variety of factors in preparing a valuation of the Reorganized Debtors.

12. Specifically, in estimating the Debtors' Total Enterprise Value, Piper Sandler relied upon three widely-recognized methodologies: (i) comparable public company analysis and (ii) discounted cash flow ("DCF") analysis. Piper Sandler recognizes that the precedent transaction analysis is often used, but deemed the precedent transaction analysis less relevant due to the lack of recent comparable precedent transactions, and therefore, less relevant to the current industry environment. Piper Sandler made a reasonable and informed judgment concerning the relative significance of each analysis in determining the Debtors' indicated Total Enterprise Value.

A. Comparable Public Company Analysis

13. The comparable company valuation analysis estimates the value of a company based on a relative comparison with other publicly traded companies with similar operating and financial characteristics. Under this methodology, the enterprise value for each selected public company was determined by examining the trading prices for the equity securities of such company in the public markets and adding the aggregate amount of outstanding net debt for such

company and minority interest less the market value of unconsolidated investments. Those enterprise values are commonly expressed as multiples of various measures of operating statistics, most commonly EBITDA. In addition, among other things, each of the selected public company's operational performance, operating margins, profitability, leverage and business trends were examined. Based on these analyses, financial multiples and ratios are calculated to apply to the Debtors' actual and projected operational performance. Piper Sandler focused primarily on current EBITDA multiples of the selected comparable companies to determine the Debtors' Total Enterprise Value.

B. DCF Analysis

14. The discounted cash flow ("DCF") analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Under this methodology, projected future cash flows are discounted by the business' weighted average cost of capital (the "Discount Rate"). The Discount Rate reflects the estimated blended rate of return that would be required by debt and equity investors to invest in the business based on its capital structure. The enterprise value of the firm is determined by calculating the present value of the Debtors' unlevered after-tax free cash flows based on the projections plus an estimate for the value of the firm beyond the period contemplated in the projections known as the terminal value. The terminal value is derived by utilizing the exit multiple method which assumes that the company will continue its historic business and generate EBITDA at a steady state into the future, discounted back to the assumed date of emergence by the Discount Rate.

15. In applying the above methodology, Piper Sandler utilized the Financial Projections to derive unlevered after-tax free cash flows. Free cash flow includes sources and uses of cash not

reflected in the income statement, such as changes in working capital and capital expenditures. These cash flows, along with the terminal value, are discounted back to the assumed September 30, 2020 using the range of Discount Rates described above to arrive at a range of enterprise values.

16. I believe the Valuation Analysis provides a fair and reasonable assessment of the Reorganized Debtors' Total Enterprise Value on a reorganized going-concern basis as of the Assumed Effective Date.

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I declare under penalty of perjury under the laws of the United States that the foregoing statements are true and correct.

Dated: October 26, 2020

Vista Proppants and Logistics, *et al.*

/s/ Sanjiv Shah

Name: Sanjiv Shah

Title: Managing Director and Co-Head of Energy Investment Banking, Simmons Energy, a division of Piper Sandler & Co.