



Dynamic Drill and Blast Holdings Limited
ACN 640 888 213

Addendum to Notice of General Meeting

Dynamic Drill and Blast Holdings Limited (**Company**) hereby gives notice to Shareholders that, in relation to the Notice of General Meeting dated 4 June 2021 (**Notice**) in respect of the general meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 5 July 2021 at 10.00 am (WST), the Directors have resolved to amend the Notice by the inclusion of additional information relating to Resolution 4 and the approval sought to issue Milestone Shares in connection with the Transaction (**Addendum**).

This Addendum is supplemental to the original Notice and should be read in conjunction with the Notice. Save for the amendments set out below, the Notice remains unchanged.

The numbering used in this Addendum is a continuation of the numbering used in the Notice and the Explanatory Memorandum. Unless otherwise defined in this Addendum, the defined terms used in this Addendum are as defined in the Notice.

The Notice was released without ASX formally reviewing it and providing comments. This Addendum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their suitably qualified professional advisors prior to voting. Should you wish to discuss the matters set out in this Addendum, please do not hesitate to contact the Company on (08) 6555 2950.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 3 July 2021.

Proxy Forms

The Company confirms that there have been no changes to the Proxy Form previously dispatched to Shareholders. Shareholders are advised that:

- If you have already completed and returned the Proxy Form which was provided with the original Notice of Meeting and you wish to change your vote, you must complete and return a new Proxy Form. Please contact the Company if you require a new Proxy Form.
- If you have already completed and returned the Proxy Form which was annexed to the original Notice of Meeting and you do not wish to change your vote, you do not need to take any

action as the earlier submitted Proxy Form will be accepted by the Company unless you submit a new Proxy Form.

- If you have not yet completed and returned a Proxy Form and you wish to vote on the Resolutions in the Notice of Meeting, please complete and return the Proxy Form.

To vote in person, please attend the Meeting at the time, date and place set out above.

BY ORDER OF THE BOARD



James Bahen
Company Secretary
Dynamic Drill and Blast Holdings Limited
Dated: 17 June 2021

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Addendum to Explanatory Memorandum

Section 8.1 is deleted and replaced with the following:

8.1 General

Refer to Section 4 for details regarding the Transaction.

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 16,666,667 Milestone Shares to the Vendors (or their respective nominees).

Resolution 4 is a Transaction Resolution and is subject to Shareholders passing the other Transaction Resolutions. If Resolution 4 is not passed, the Company will not be able to proceed to issue the Milestone Shares and, as Resolution 4 is a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions, the Acquisition will not proceed.

In respect to Resolution 4, the Company sought a waiver from ASX from Listing Rule 7.3.4 to permit the Notice not to state that the Milestone Shares will be issued no later than three months after the date of the Meeting. As at the date of the original Notice, the Company was yet to be granted the waiver, but noted it expected that the waiver will be granted prior to the date of the Meeting.

On 9 June 2021, ASX granted the Company a waiver from Listing Rule 7.3.4. The terms of the waiver are set out as follows:

- (a) "Based solely on the information provided, ASX Limited ('ASX') grants Dynamic Drill and Blast Holdings Limited (the 'Company') a waiver from listing rule 7.3.4 to the extent necessary to permit the Company in its notice of meeting ('Notice') seeking shareholder approval for the issue of up to:
 - (i) 16,666,667 fully paid ordinary shares (being A\$4,500,000 in shares at a deemed issue price of \$0.45 per share) ('Deferred Consideration Securities') as part payment of the contingent consideration for the acquisition by the Company for all of the issued capital in Orlando Drilling Pty Ltd ('Orlando') under a Share Purchase Agreement (the 'Agreement') as follows:
 - (A) 7,777,778 shares (being A\$3,500,000 in shares at a deemed issue price of \$0.45 per share) subject to Orlando achieving FY22 EBITDA of at least A\$7,000,000 ('Milestone 1'); and
 - (B) 2,222,222 shares (being A\$1,000,000 in shares at a deemed issue price of \$0.45) for every 10% growth in Orlando's EBITDA achieved for FY22 compared to FY21. This is subject to a maximum of 8,888,889 shares (being A\$4,000,000 in shares at a deemed issue price of \$0.45) ('Milestone 2').

(together the 'Milestones'),

not to state that the Deferred Consideration Securities will be issued no later than 3 months from the date of the shareholder meeting ('Meeting'), on the following conditions:

- (ii) The Deferred Consideration Securities are issued after the satisfaction of the Milestones (if and as applicable) and in any event by no later than 31 December 2022.
 - (iii) The Milestones are not varied.
 - (iv) The maximum number of Deferred Consideration Securities to be issued is capped at 16,666,667 ordinary shares and this is stated in the Notice, along with adequate details regarding the potential dilution.
 - (v) For any annual reporting period during which any of the Deferred Consideration Securities have been issued or any of them remain to be issued, the Company's annual report sets out the number of Deferred Consideration Securities issued in that annual reporting period, the number of Deferred Consideration Securities that remain to be issued and the basis on which the Deferred Consideration Securities may be issued.
 - (vi) In any half year or quarterly report for a period during which any of the Deferred Consideration Securities have been issued or remain to be issued, the Company must include a summary statement of the number of Deferred Consideration Securities issued during the reporting period, the number of Deferred Consideration Securities that remain to be issued and the basis on which the Deferred Consideration Securities may be issued.
 - (vii) The Notice contains the full terms and conditions of the Deferred Consideration Securities as well as the conditions of this waiver.
- (b) ASX has considered Listing Rule 7.3.4 only and makes no statement as to the Company's compliance with other listing rules."

The following is inserted at the end of Section 8.3:

8.3 Specific information required by Listing Rule 7.3

As noted in Section 4.2, the deferred consideration payable by the Company under the Acquisition Agreement is comprised of:

- (a) 7,777,778 Shares (being \$3,500,000 in Shares at a deemed issue price of \$0.45 per Share), subject to Orlando achieving FY22 EBITDA of at least \$7,000,000 (ie. Milestone 1); and
- (b) 2,222,222 Shares (being \$1,000,000 in Shares at a deemed issue price of \$0.45) for every 10% increase in FY22 EBITDA compared to an EBITDA target of \$7,000,000 (applied on a pro rata basis), subject to a maximum of 8,888,889 Shares (being \$4,000,000 in Shares at a deemed issue price of \$0.45) (ie. Milestone 2),

(ie. together, the Milestone Shares). Accordingly, the maximum number of Milestone Shares proposed to be issued is 16,666,667.

For the purposes of calculating FY22 EBITDA above, the Vendors may add any of its actual FY21 EBITDA in excess of \$7,000,000.

All consideration, including the Consideration Shares and Milestone Shares, will be paid or issued to the Vendors (or their respective nominees) in their Respective Proportions and are subject to escrow from the date of their issue until 5 August 2022.

In respect of the above, the Company notes that:

- (a) the Milestone Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (b) "EBITDA" means earnings before interest, tax, depreciation and amortisation;
- (c) "FY21 EBITDA" means the EBITDA generated by Orlando during FY21;
- (d) "FY22 EBITDA" means the EBITDA generated by Orlando during FY22; and
- (e) FY21 EBITDA and FY22 EBITDA are calculated in accordance with clauses 4.5 and 4.6 of the Acquisition Agreement, as shown in Schedule 2.

In relation to the achievement of Milestone 2, the following table shows the number of Milestone Shares that would be issued in three hypothetical examples which assume varying levels of FY22 EBITDA being generated by the Company compared to an EBITDA target of \$7,000,000.

% increase in FY22 EBITDA compared to an EBITDA target of \$7,000,000	FY22 EBITDA (\$)	Number of Milestone Shares issued in respect of the achievement of Milestone 2
0%	\$7,000,000	Nil
10%	\$7,700,000	222,222
15%	\$8,050,000	333,333

Schedule 2 -

Calculation of FY21 EBITDA and FY22 EBITDA

Clause 4.5 of the Acquisition Agreement provides the following in relation to the calculation of FY21 EBITDA:

- (a) As soon as practicable after the end of FY21 (and in any event no later than the date which is 20 business days after the lodgement of the Company's audited consolidated financial statements in respect of FY21 with ASX), the Company will issue to the Vendors a written statement (**FY21 EBITDA Statement**) which:
 - (i) is prepared in accordance with the Accounting Principles and Policies specified in the Acquisition Agreement;
 - (ii) states the FY21 EBITDA; and
 - (iii) is accompanied by reasonable supporting written evidence to justify the figures contained in the FY21 EBITDA Statement and the calculation of the FY21 EBITDA.
- (b) The Vendors will have a period of 10 business days to object, by written notice to the Company supported by relevant documentation, to any of the matters set out in the FY21 EBITDA Statement (including the calculation of FY21 EBITDA), failing which all such matters will be deemed to be agreed between the parties.
- (c) If the Vendors raise any objection to the FY21 EBITDA Statement (including the calculation of FY21 EBITDA) in accordance with paragraph (b) above which is not resolved within 10 business days, a dispute will be deemed to have arisen and the dispute resolution provisions under the Acquisition Agreement will apply.

Clause 4.6 of the Acquisition Agreement provides the following in relation to the calculation of FY22 EBITDA:

- (a) As soon as practicable after the end of FY22 (and in any event no later than the date which is 20 business days after the lodgement of the Company's audited consolidated financial statements in respect of FY22 with ASX), the Company will issue to the Vendors a written statement (**FY22 EBITDA Statement**) which:
 - (i) is prepared in accordance with the Accounting Principles and Policies specified in the Acquisition Agreement;
 - (ii) states the FY22 EBITDA; and
 - (iii) is accompanied by reasonable supporting written evidence to justify the figures contained in the FY22 EBITDA Statement and the calculation of the FY22 EBITDA.
- (b) The Vendors will have a period of 10 business days to object, by written notice to the Company supported by relevant documentation, to any of the matters set out in the FY22 EBITDA Statement (including the calculation of FY22 EBITDA), failing which all such matters will be deemed to be agreed between the parties.
- (c) If the Vendors raise any objection to the FY22 EBITDA Statement (including the calculation of FY22 EBITDA) in accordance with paragraph (b) above which is not

resolved within 10 business days, a dispute will be deemed to have arisen and the dispute resolution provisions under the Acquisition Agreement will apply.

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