

ersonal use only



INVESTOR UPDATE

JULY 2021



DISCLAIMER

- This presentation has been prepared by Dynamic Drill and Blast Holdings Ltd ACN 640 888 213 (**Company or DDB**). This presentation is not a financial product or investment advice or recommendation, offer or invitation by any person or to any person to sell or purchase securities in DDB in any jurisdiction. This presentation contains general information only and does not consider the investment objectives, financial situation and needs of individual investors. Investors should make their own independent assessment of the information in this presentation and obtain their own independent advice from a qualified financial adviser having regard to their personal objectives, financial situation and needs before taking any action.
- No representation or warranty, express or implied, is made as to the accuracy, completeness, reliability or adequacy of any statements, estimates, opinions or other information, or the reasonableness of any assumption or other statement, contained in this presentation. Nor is any representation or warranty (express or implied) given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, prospective statements or returns contained in this presentation.
- Such forecasts, prospective statements or returns are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of DDB. To the maximum extent permitted by law, DDB and its related bodies corporate, directors, officers, employees, advisers and agents disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence) for any direct or indirect loss or damage which may arise or be suffered through use or reliance on anything contained in, or omitted from, this presentation.
- An investment in DDB securities should be considered speculative and is subject to investment and other known and unknown risks, some of which are beyond the control of DDB. DDB does not guarantee any rate of return or the absolute or relative investment performance of DDB securities. The distribution of this presentation including in jurisdictions outside Australia, may be restricted by law. Any person who receives this presentation must seek advice on and observe any such restrictions.
- DDB financial statements comply with International Financial Reporting Standards (IFRS). This presentation may include certain non-IFRS performance measures including EBTIDA, Underlying NPBT, Underlying NPAT, Gross Debt, Net Debt in relation to DDB and Orlando. These measures are used internally by management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review and should not be considered as an alternative to an IFRS measure of profitability, financial performance or liquidity. DDB has prepared (and made assumptions in the preparation of) the financial information relating to Orlando in reliance on limited financial and other information provided by or on behalf of Orlando and its shareholders. To the maximum extent permitted by law, DDB does not take any responsibility for that information. The financial year ended 30 June 2021 (**FY21**) results presented herein are unaudited and are subject to change until finalisation of the FY21 audit of the Company. The acquisition of Orlando Drilling Pty Ltd (**Orlando Acquisition**) completed in the financial year ended 30 June 2022 (**FY22**).
- This presentation may contain certain forward-looking statements with respect to matters including but not limited to the financial condition, results of operations and business of DDB and certain of the plans and objectives of DDB with respect to these items. These forward-looking statements are not historical facts but rather are based on DDB's current expectations, estimates and projections about the industry in which DDB operates, and its beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward looking statements and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the endeavor of building a business around such products and services. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of DDB, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward looking statements. DDB cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of DDB only as of the date of this release. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. DDB will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

KEY POINTS

- The acquisition of Orlando Drilling Pty Ltd ('Orlando') was completed during July 2021
- Orlando is expected to generate A\$34.0m to A\$35.0m revenue and between A\$7.5 to A\$7.9m of EBITDA in FY21¹ exceeding initial forecasts at time of transaction
- Dynamic Drill and Blast Pty Ltd ('Dynamic' or 'DDB') is expected to deliver between A\$22.5m to A\$23.5m revenue and between A\$4.5 to A\$4.7m of EBITDA in FY21¹
- Group revenue expected to deliver between A\$56.5 to A\$58.5m revenue and between A\$11.0 to A\$12.6m of EBITDA in FY21¹
- 34 drill rigs in the fleet, comprised of 17 blast hole rigs and 17 exploration / grade control rigs²
- Portfolio of projects with Tier 1 customers
- Strong balance sheet with a net asset position of around A\$39m¹
- Access to cash undrawn finance facilities fund future growth of approximately A\$23.5m¹
- Cross selling opportunities and operational synergies evident
- Geographical presence increased with strategic yard facilities secured in the Pilbara and Goldfields regions of Western Australia

Notes:

1. Based on unaudited pro-forma management financials for the 12 month period up to end of June 2021. The FY21 results presented above are unaudited and are subject to change until finalisation of the FY21 audit of the Company.
2. Two of the three DD drill rigs are on dry hire agreements

TRANSACTION HIGHLIGHTS

Orlando Drilling acquisition complete

- Orlando is a WA based grade control, exploration and resource definition drilling service provider for the mining industry, with a broad base of blue chip clients
- Orlando is anticipated to generate ~A\$34.0m to A\$35.0m revenue and A\$7.5m to A\$7.9m EBITDA in FY21¹
- The acquisition is immediately earnings accretive to Dynamic Drill and Blast Holdings Ltd ('Dynamic' or 'DDB') shareholders, and transforms the Dynamic business in terms of scale, expanded capability, customer diversification, and adds significant expertise to the Dynamic management team
- Orlando's founders have joined the DDB Board and executive management team, and continue to deliver exceptional service towards existing client base
- Dynamic have funded the cash component of the consideration and future growth through a strongly supported A\$10m two tranche placement
 - Robert Martin (an Orlando shareholder) subscribed for A\$2m of the placement (majority in Tranche 2)
 - Dynamic major shareholder, Laurence Freedman, subscribed for A\$2m of the placement (all in Tranche 2)
 - Dynamic's Chairman Garret Dixon, subscribed for A\$25k of the placement subject to shareholder approval (in Tranche 2)
- Tranche 2 of the placement, vendor scrip issuance and escrow arrangements was subject to Dynamic shareholder approval, which has since been received

Notes:

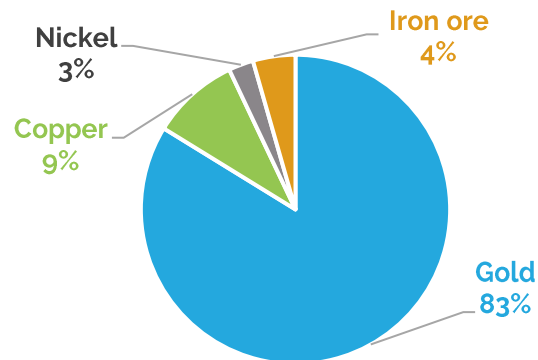
1. Based on unaudited management financials for the 12 month period up to end of June 2021. The FY21 results presented above are unaudited and are subject to change until finalisation of the FY21 audit of the Company.

ORLANDO DRILLING OVERVIEW

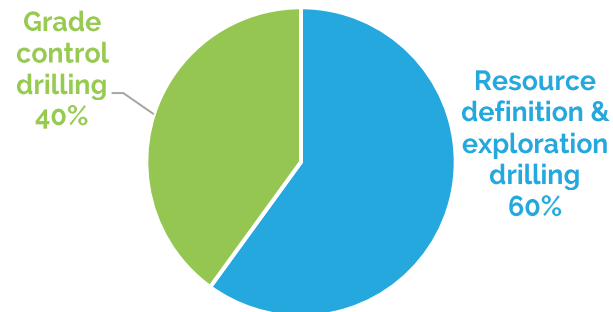
- Founded in 2007, Orlando is a WA based company providing grade control, exploration and resource definition drilling services to the mining industry
- Diversified blue chip client base predominantly in the Pilbara and Goldfields
- 17 drill rigs across AC, RC and DD rigs¹ – well positioned for future growth
- FY21 revenue of ~A\$34.0m to A\$35.0m and EBITDA of A\$7.5m to 7.9m²
- Strong cultural alignment with Dynamic



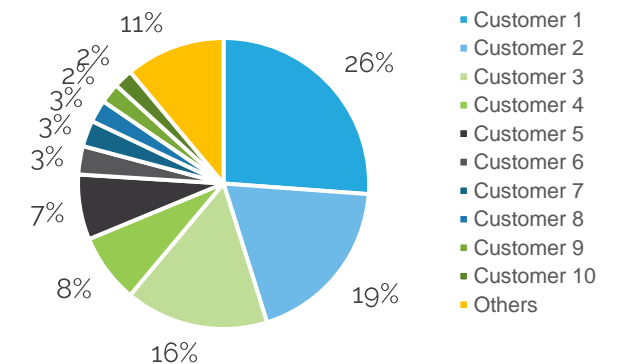
FY21 Revenue by commodity



FY21 Revenue by type



FY21 customer diversification



Notes:

1. Two of the three DD drill rigs in the asset base are on dry hire agreements
2. Based on unaudited management financials for the 12 month period up to the end of June 2021.

STRATEGIC RATIONALE

Highly strategic acquisition transforms Dynamic to a stronger and more diversified platform

Scale	<ul style="list-style-type: none"> • The acquisition transforms the scale of the Company into a larger, more diversified and stronger business • Transaction is immediately EPS accretive to Dynamic shareholders • Expanded asset base with a total of 34 drill rigs¹
Complementary service offering	<ul style="list-style-type: none"> • Adds Orlando's complementary grade control, exploration and resource definition drilling expertise and pipeline, to Dynamic's existing mine production and construction drill and blasting service offering • Expands Dynamic's tender pipeline and growth opportunities
Customer diversification	<ul style="list-style-type: none"> • Adds Orlando's broad customer base of blue chip clients to diversify Dynamic's customer/project concentration risk
Synergies	<ul style="list-style-type: none"> • Cross-selling opportunities to respective customer bases are presenting themselves • Anticipated cost synergies include optimisation of overheads, site personnel and optimisation of plant & equipment utilisation
Stronger combined team	<ul style="list-style-type: none"> • Orlando's founders (David Kinnersley and Joel Skipworth), who are highly regarded in the industry, have joined the Dynamic Board as Executive Directors and continue to deliver exceptional service towards existing client base

1. Two rigs are on dry hire agreements

TRANSFORMS DYNAMIC'S SCALE FINANCIALLY

Immediately highly accretive for Dynamic shareholders

Pro-forma Group FY21 Financial Performance	Revenue (A\$m)	EBITDA (A\$m)
Dynamic Drill and Blast	\$22.5 - \$23.5	\$4.5 - \$4.7
Orlando Drilling	\$34.0 - \$35.0	\$7.5 - \$7.9
Total	\$56.5 - \$58.5	\$12.0 - \$12.6

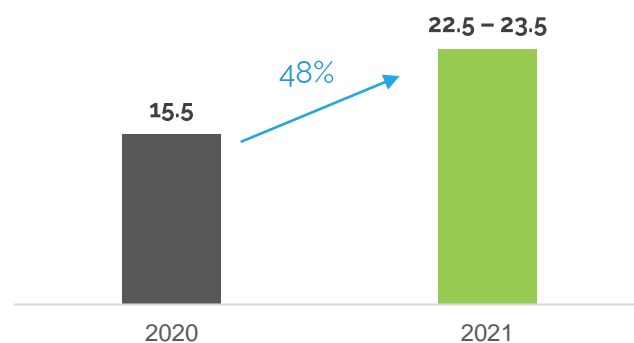
Notes: Based on unaudited management financials for the 12 month period up to end of June 2021 Excludes the impact of any purchase price allocation. Orlando transaction completed in the FY22 period. The FY21 results presented above are unaudited and are subject to change until finalisation of the FY21 audit of the Company.

FY21 Performance

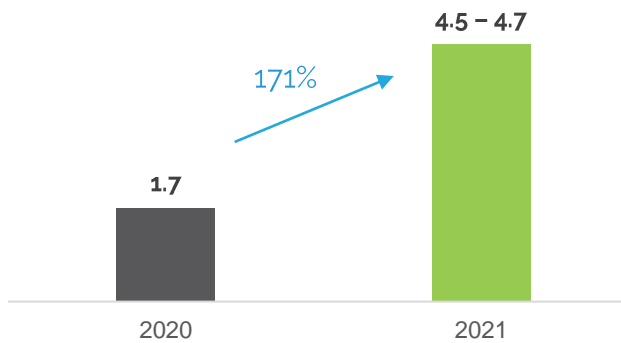
Strong year on year growth.



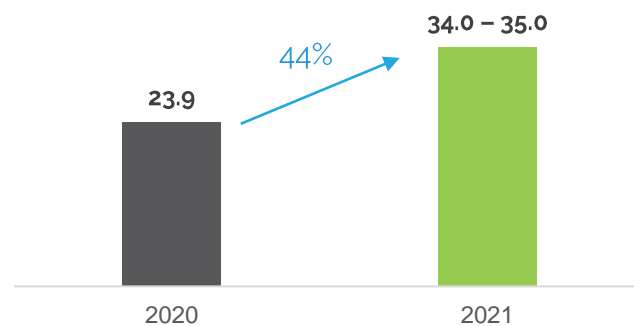
Dynamic Drill and Blast Revenue Growth (A\$m)¹



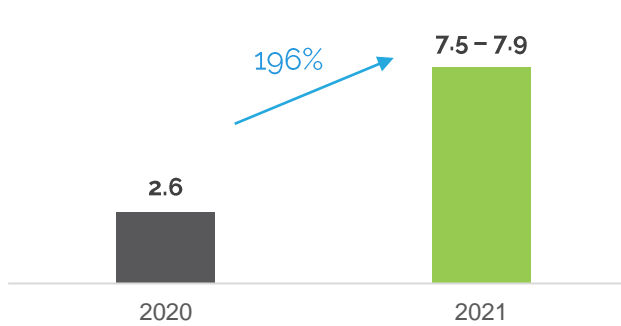
Dynamic Drill and Blast EBITDA Growth (A\$m)¹



Orlando Revenue Growth (A\$m)¹



Orlando EBITDA Growth (A\$m)¹



Notes:

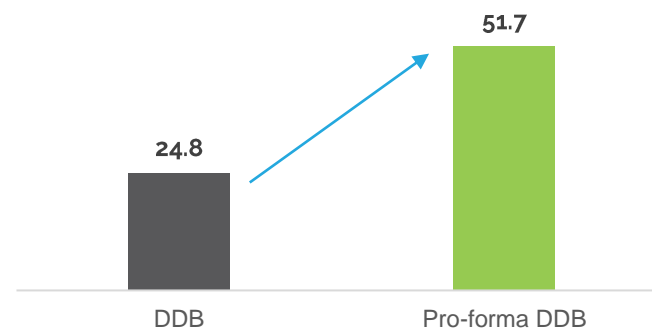
1. Based on unaudited management financials for the 12 month period up to end of June 2021. Excludes the impact of any purchase price allocation. The FY21 results presented above are unaudited and are subject to change until finalisation of the FY21 audit of the Company.

TRANSFORMS DYNAMIC'S SCALE FINANCIALLY

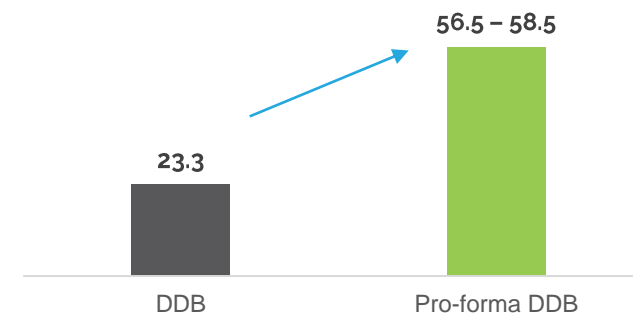
Immediately highly accretive for Dynamic shareholders



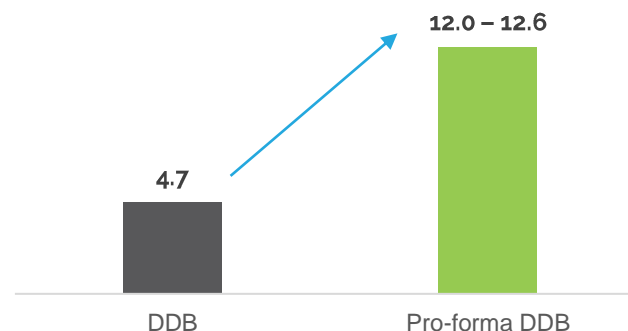
Pro-forma Market Cap (A\$m)^{1,2}



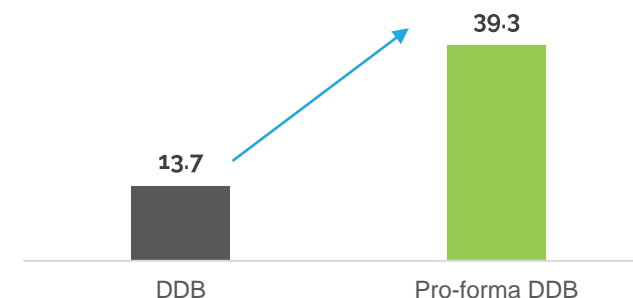
Pro-forma Group FY21 Revenue (A\$m)²



Pro-forma Group FY21 EBITDA (A\$m)²



Pro-forma Group FY21 Net Asset Position (A\$m)²



Notes:

1. At Dynamic share price of \$0.45/share (the placement price). Including Placement, and excluding options, performance rights, or any shares to be issued under potential earn-out
2. Based on unaudited management financials for the 12 month period up to end of June 2021. Excludes the impact of any purchase price allocation. The FY21 results presented above are unaudited and are subject to change until finalisation of the FY21 audit of the Company.

INTEGRATION STRATEGY

- The two brands will be retained, leveraging the existing strong customer relationships
- Orlando founders David Kinnersley and Joel Skipworth have joined the Board as Executive Directors of Dynamic
- Shared services will be consolidated over time to deliver cost synergies
- The Dynamic Board is conscious of the high proportion of Executives on the Board post transaction, and is committed to transitioning the Board composition over time to meet best practice governance

Board of Directors

<p>NON-EXECUTIVE CHAIRMAN Garret Dixon</p>	<p>Garret is an experienced and accomplished senior executive with extensive experience in the resources, transport and contracting sectors in Australia and overseas. His work in both private and ASX listed companies spans more than three decades. Until recently, Mr Dixon held the position of Executive Vice President Alcoa & President Bauxite where he was responsible for the global bauxite mining business for the NYSE listed Alcoa Corporation. Garret has a Bachelor of Engineering (Hons) and a Master of Business Administration and is a member of the Australian Institute of Company Directors.</p>
<p>MANAGING DIRECTOR - DDB Mark Davis</p>	<p>Mark has been a Director of DD&B since incorporation in 2011. Mr Davis has over 24 years experience in the mining services sector and has worked with Action Drill & Blast, Ausdrill and was part of the founding management team at Rock on Ground as Operations Manager. Mark was also Managing Director of MTD Drill & Blast Consulting, providing specialised blasting expertise to Tier 1 operators.</p>
<p>EXECUTIVE DIRECTOR Matt Freedman</p>	<p>Matt joined Dynamic as a General Manager in 2018 and then as a Director in 2019. Matt brings over 13 years of experience in the mining and mining services sector. Mr Freedman's earlier roles include working for Rio Tinto Procurement, WorleyParsons and Emeco. Matt holds a Bachelor of Business Administration.</p>
<p>NON-EXECUTIVE DIRECTOR George Garnett</p>	<p>George is an experienced equity capital markets executive, having advised on the formation and execution of numerous transactions in emerging companies. Mr Garnett is currently a Director of Corporate Finance at Canaccord Genuity Australia and holds a Bachelor of Commerce from Curtin University. George was previously a Non-Executive Director of Gunsynd PLC (GUN.LSE).</p>
<p>EXECUTIVE DIRECTOR David Kinnersley</p>	<p>David has 25 years drilling industry knowledge starting from drill operator and drill supervisor before co-founding Orlando Drilling. David is responsible for managing Orlando's operational strategy and effective human resources capital management.</p>
<p>EXECUTIVE DIRECTOR Joel Skipworth</p>	<p>Joel has 23 years of mechanical engineering experience and is a co-founder of Orlando. He is responsible for securing strong customer and supplier relationships and managing and maintaining all equipment and fleet procurement.</p>

FUTURE GROWTH

The acquisition of Orlando significantly enhances Dynamic's growth strategy

Organic Growth

Continue to develop a pipeline of project opportunities

Drive cross-selling between Dynamic and Orlando's customer bases

Debt provider relationships

ASX listing will strengthen balance sheet, to assist negotiations with finance and working capital providers

Larger scale of business strengthens debt provider relationships

Improve margin

Continuing to reduce margin leakage within current operations, i.e. reduced hiring and increased ownership of core fleet

Significantly enlarged fleet base to optimise asset utilisation

Sharing of shared services

Fleet

Continue to strengthen relationships with our equipment suppliers to ensure access to the core fleet we require to undertake new projects. Lead times are extending as demand increases within the industry

Significantly enlarged fleet base to optimise asset utilisation

Explosive equipment

Continuing to grow the blasting division's capability and capacity, through the acquisition equipment and technology

Proficient personnel and traineeships

Dynamic has introduced training initiatives to access qualified personnel, as well as to upskill/multiskilling current workforce

Strengthened combined team with strong cultural fit

Mergers and Acquisitions

Assess strategic M&A opportunities as appropriate

Larger and stronger platform to execute future strategic M&A opportunities



EXPANDED OPERATIONAL CAPABILITIES

A larger more diversified platform with high quality client base in a strong financial position to fund growth

Services Provided	End-client base	Asset base	Financial strength
<p>Exploration drilling</p> <p>Grade control drilling</p> <p>Mine production drill & blast</p> <p>Construction drill & blast</p> <p>Vibration sensitive drill & blast</p>		<p>16 x Blast Hole Drill Rigs</p> <p>2 x AC Drill Rigs</p> <p>13 x RC Drill Rigs</p> <p>3 x DD Drill Rigs¹</p> <p>~110 x Support Equipment</p>	<p>Strong pro-forma balance sheet²:</p> <p>Cash of A\$12.5m</p> <p>Debt of A\$12m</p> <p>Undrawn facilities of A\$11m</p> <p>Net asset position A\$39.3m</p>

Notes:

- Two of the three DD drill rigs are on dry hire agreements
- Based on unaudited pro-forma management financials for the 12 month period up to end of June 2021 Includes the cash raised from the capital raising.

OPERATIONAL UPDATE

Dynamic Drill and Blast

- Services continue at Galaxy Resource Limited's Mt Cattlin Lithium Spodumene Project – long term project in Ravensthorpe, Western Australia. Additional equipment has been sent to the project to facilitate increased production requirements
- Works to commence at Rio Tinto's White Quartz Road (Brockman 4) Project during July in the Pilbara region of Western Australia
- Dynamic continues at AngloGold Ashanti's Golden Delicious project in the Goldfields region of Western Australia – long term project
- Services being undertaken at Adaman Resource's Kirkalocka gold project in the Goldfields region of Western Australia
- Supplementary drilling work being performed at Atlas Iron's Sanjiv Ridge Project in the Pilbara Region of Western Australia
- Strike Resources have selected Dynamic as preferred drill and blast contractor for the Paulsens East Iron Ore Project in the Pilbara Region of Western Australia, Dynamic's involvement is estimated to have an initial term of 4 years. Contract terms are currently being finalised
- Additional new T45 blast hole drill rig secured from Epiroc Australia
- A lease has been secured in Kalgoorlie, Western Australia enabling the servicing of Goldfields projects
- Sub-lease secured in Tom Price, supporting projects in the Pilbara Region of Western Australia

OPERATIONAL UPDATE

Orlando Drilling

- Reverse Circulation (RC), Diamond (DD) and Air core (AC) drilling at Gold Road Resources Limited's Yamarna project in Western Australia
- RC drilling at First Quantum Minerals Limited's Ravensthorpe Nickel Project – long term 3 year project in Ravensthorpe, Western Australia.
- RC drilling at Northern Star Limited's projects in Western Australia continue
- RC drilling at Sandfire Resources NL's project in Western Australia continue
- 1x Additional new Schramm T685 RC drill rig secured from Schramm Australia.
- 1 x Additional new D65 Grade Control RC drill rig secured from Epiroc Australia.

DYNAMIC MARKET PROFILE

ASX Information

ASX Stock Symbol	DDB
Shares Issued	114,873,844 ¹
Share Price (at 28/07/2021)	A\$0.465
Market Capitalisation	A\$53.4m

Substantial Shareholders

Temorex Pty Ltd & Goldfire Enterprises Pty Ltd (Robert Martin)	13.6%
Valentino Holdings Pty Ltd & Ganan Capital Pty Ltd (Laurie Freedman)	13.2%
The Tiger Drill Trust (Joel Skipworth)	9.79%
The Milligan Trust (David Kinnersley)	9.79%
Bahen Bros Pty Ltd and related entities	7.5%
JEZAC Pty Ltd (Mark Davis)	7.25%
Rangehill Holdings Pty Ltd (Matt Freedman)	7.25%
Total	68.38%

Notes:

- Includes restricted shares. Excludes existing 8,972,100 options and 3,277,900 performance rights on issue. Excludes potential to issue up to 16,666,667 shares to the vendors as part of the earn-out consideration subject to Orlando's FY22 performance

PRO-FORMA BALANCE SHEET

A\$m (30 June 2021)	Dynamic (Unaudited)	Orlando (Unaudited)	Transaction Adjustments	Pro-forma Dynamic
Cash and cash equiv	8.7	1.6	2.2 ¹	12.5
Receivables	4.1	7.8		11.9
Inventories	1.3	0.2		1.5
PPE	10.4	8.3		18.7
Intangibles	-	-	12.2 ²	12.2
Other assets	0.9	0.6		1.5
Total assets	25.4	18.5	18.0	58.3
Payables	1.5	2.2		3.7
Borrowings	8.1	3.9		12.0
Lease liabilities	1.0	-		1.0
Employee provisions	0.5	0.8		1.3
Other liabilities	0.6	0.3		0.9
Total liabilities	11.7	7.2	-	18.9
Issued capital	11.5		26.9 ³	38.4
Reserves	0.1			0.1
Retained earnings	2.1		(1.2) ⁴	0.9
Shareholders Equity	13.7		25.7	39.4

1. A\$10m capital raising less estimated A\$1.2m transaction and capital raising costs, and less cash consideration, adjusted for target net debt
2. Indicative intangible assets such as customer contracts, goodwill, and any other unrecognized intangibles to be recognized on acquisition
3. A\$10m capital raising plus value of upfront 37.5m scrip consideration
4. A\$1.2m estimated transaction and capital raising costs

Note: The impact of Purchase Price Accounting (PPA) has not yet been completed, and therefore pro forma transaction adjustments are illustrative only subject to change upon finalization of PPA. Pro forma transaction adjustments also subject to actual net debt and net working capital as at the completion date.

DEFINITIONS

EBITDA	Earnings before interest, tax, depreciation and amortisation.
EBITDA Margin	EBITDA divided by total revenue expressed as a percentage.
EBIT	Earnings before interest and tax
NPBT	Net profit before tax.
NPAT	Net profit after tax.
Leverage	Net debt divided by EBITDA for the preceding 12 months
Gross Debt	Total balances outstanding on all bank loans, equipment finance and working capital facilities.
Net Debt	Gross Debt less cash and cash equivalents.
10m YTD	Period 1 July 2020 to 30 April 2021.
FY21e	Full year estimate for period 1 July 2020 to 30 June 2021



Dynamic Drill and Blast Holdings Ltd ACN 640 888 213

info@dynamicdrillandblast.com.au

Telephone

+08 6404 2798

ersonal use only