

## Quarterly Activities Report – June 2021

Dynamic Drill and Blast Holdings Limited ('Dynamic' or the 'Company') (ASX: DDB) is pleased to provide the following report on its activities during the June 2021 quarter.

### Key Activities and Highlights

- Acquisition of Orlando Drilling Pty Ltd ('Orlando') has been successfully completed
- Acquisition of additional new Epiroc T45 top hammer drill rig
- Additional equipment and personnel deployed to multiple tier 1 iron ore and gold short-term projects, in addition to increasing scale at existing long-term projects

### Operations

Operations continue at Galaxy Resources Limited's ('Galaxy') Mt Cattlin Lithium Spodumene Project. Following completion of the recently announced proposed merger of equals with Orocobre Limited ('Orocobre'), Galaxy will become a top 5 global lithium company based on market capitalisation, resulting in a stronger counterparty for Dynamic. Importantly, current demand and pricing for Lithium products remains strong, and Dynamic is well positioned to assist in any increased operational drill and blast activity as required.

Dynamic continues operations at AngloGold Ashanti's Golden Delicious project in the Goldfields region of Western Australia.

There are a number of additional and diversified short-term projects currently being serviced by Dynamic to existing and new projects/clients, with discussions being held regarding the potential for long-term contracts being awarded following the short-term initial engagements. These projects include multiple tier 1 Iron Ore projects in the Pilbara Region of Western Australia, as well as a production gold project in the Goldfields Region of Western Australia.

Strike Resources Limited (ASX:SRK) have selected Dynamic as the preferred drill and blast provider for their Paulsen's East Iron Ore Project in the Pilbara Region. Contract terms are currently being finalised for this long term production project.

Following the acquisition of Orlando, as well as an additional new Epiroc T45 drill rig, Dynamic has grown its fleet to a total of 34 drills,

Two regional property leases have been secured to support Dynamic's projects in the Pilbara and Goldfields regions. A sub-lease in Tom Price has been entered into, as well as a lease in Kalgoorlie.

### Orlando Drilling Acquisition

Following a shareholder meeting held on 5 July 2021, voting was in strong support of the Orlando Drilling acquisition, which has now settled. Joel Skipworth and David Kinnersley have joined the board of Dynamic, and the team is integrating well with cross selling opportunities presenting

## ASX Announcement

immediately. Cost synergies between the business units are being realised within shared services and asset management. Dynamic is very pleased to have the Orlando team onboard.

In conjunction with the acquisition, Dynamic raised \$10 million (before costs) via a placement to professional and sophisticated investors (Placement). The Placement consisted of the issue of 22,222,222 fully paid ordinary shares ('New Shares') at an issue price of \$0.45 per New Share. The placement was completed over two tranches, with Tranche 2 of the Placement settling subsequent to the end of the quarter.

Proceeds from the Placement are to be used to fund the acquisition of Orlando and for working capital to fund future growth of the combined Group.

Refer to the Company presentation announcement on 29 July 2021 for further details on the Orlando acquisition and the Dynamic combined group going forward.

### Corporate

#### Financial Summary

Dynamic is in a strong financial position with cash and cash equivalents of A\$8.7 million and trade receivables of A\$4.1 million.

Cash inflows from operating activities for the quarter was A\$5.8 million, due mainly to receipts from customers.

Cash outflows from operating activities for the quarter was approximately A\$5.1 million representing payment of employment and operating costs.

Cash inflows from financing activities for the quarter include the receipt of \$6.2 million from the settlement of Tranche 1 of the placement associated to the Orlando acquisition.

Dynamic made payments of A\$132,500 to related parties and their associates. These payments relate to the existing remuneration agreements for the Managing Director, Executive Director and Non-Executive Directors.

Pursuant to ASX listing rule 4.7C.2, the Company advises the proposed use of funds contained in section 1.7 of Dynamic's Prospectus in comparison to the actual use of funds following admission of Dynamic to the official list of the ASX:

Use of Funds	Prospectus Amount	Actual to Date
Cost of the Offers	A\$482,000	A\$438,000
Purchase of additional plant and equipment	A\$2,833,000	A\$927,500
Repayment of Debt	A\$500,000	A\$500,000
Working Capital/Corporate overheads	A\$1,958,000	A\$839,503
Total	A\$5,773,000	A\$2,705,003

Dynamic confirms that it expects to utilise the funds raised under its Prospectus in accordance with the use of funds statement and the key business objectives underlying the expected use of funds remain intact.

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-ENDS-

This announcement has been authorised by the Board of Dynamic Drill & Blast Holdings Limited.

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### About Dynamic Drill & Blast

*Dynamic Drill & Blast Holdings Limited ('DDB') is a supplier of drilling and blasting services to clients in the mining and construction sectors in Western Australia. DDB has a highly experienced executive management team focused on quality service provision, employee safety and providing solutions. DDB focuses on mining and construction projects within a range of commodity sectors, including iron ore, lithium and gold.*

*DDB's significant project pipeline is based around medium to long term contracts. DDB also undertakes short term specialised drilling and blasting projects.*

*DDB is committed to business and quality management systems that provides the framework for its personnel to achieve its customer's measurable objectives, while using continual improvement initiatives to strive for best practice performance.*

*Since incorporation, DDB has developed comprehensive policies, procedures and processes that aid the safe, effective and efficient provision of services.*

### Forward-Looking Statements

*This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Dynamic Drill and Blast Holdings Limited's planned work and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential", "should," and similar expressions are forward-looking statements. Although Dynamic Drill and Blast Holdings Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual work will be consistent with these forward-looking statements.*

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

#### Name of entity

DYNAMIC DRILL AND BLAST HOLDINGS LIMITED

#### ABN

49 640 888 213

#### Quarter ended ("current quarter")

30 JUNE 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,778	24,395
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,512)	(12,329)
(c) advertising and marketing	(2)	(18)
(d) leased assets	(22)	(83)
(e) staff costs	(2,353)	(9,696)
(f) administration and corporate costs	(55)	(212)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(103)	(365)
1.6 Income taxes paid	(48)	(173)
1.7 Government grants and tax incentives	-	605
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>683</b>	<b>2,124</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(4,086)	(7,191)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	3	6
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(4,083)</b>	<b>(7,185)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,230	11,230
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(522)	(960)
3.5	Proceeds from borrowings	3,593	6,017
3.6	Repayment of borrowings	(535)	(3,381)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>8,766</b>	<b>12,906</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,349	870
4.2	Net cash from / (used in) operating activities (item 1.9 above)	683	2,124
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,083)	(7,185)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,766	12,906
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>8,715</b>	<b>8,715</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,360	3,349
5.2	Call deposits	355	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,715</b>	<b>3,349</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	133
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. <b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	12,547	8,135
7.2 Credit standby arrangements	3,000	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	<b>15,547</b>	<b>8,135</b>
7.5 <b>Unused financing facilities available at quarter end</b>		<b>7,412</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>The loan facility of \$12.547m relates equipment finance on various terms and rates, ranging from 3.65% to 6% and up to 60-month maturity, this includes an overall asset finance facility limit with Commonwealth Bank of Australia of \$10m. Additional drawdown on this facility subject to certain conditions.</p> <p>The Credit standby arrangement refers to a trade finance facility.</p>		

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	683
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,715
8.3 Unused finance facilities available at quarter end (item 7.5)	7,412
8.4 Total available funding (item 8.2 + item 8.3)	16,127
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>23.61</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ...30 July 2021.....

Authorised by: .....By the Board of Directors.....  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.