

ASX Announcement

05 May 2021



Macquarie Australia Conference

Specialist Australian drilling services company DDH1 Limited (**ASX: DDH**) (**DDH** or the **Company**) will be presenting at the annual Macquarie Australia Conference 2021, to be held from 4-6 May 2021.

A copy of the DDH1 presentation has been provided to the ASX in advance of this presentation.

The presentation will be given by Managing Director and CEO Sy Van Dyk and discuss DDH1's corporate and financial history, market position, growth strategy and an update on the Company's market outlook since its ASX listing on 9 March 2021.

This ASX announcement has been authorised for release by the Board of DDH1 Limited

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About DDH1 Limited

DDH1 Limited, which is listed on Australian Securities Exchange with the ASX ticker DDH, is a profitable Australian drilling company servicing the mining and exploration sectors. Based in Perth, Western Australia, and led by an experienced and respected management team, DDH1 is an industry leader in deep hole directional drilling.

DDH1 employs around 930 people and operates a fleet of 97 modern and highly specified drill rigs across its three brands – DDH1 Drilling, Ranger Drilling and Strike Drilling – to offer clients the full suite of specialised drill services. Included in the fleet line-up are dual-purpose rigs able to perform air core and reverse circulation (RC) – a precursor for drilling deeper – and diamond core drilling to enable clients to secure high-quality mineral samples.

Central to DDH1's strategic approach is the pursuit of long-term relationships with clients, built on quality drilling services and a deep understanding of their business needs.

For more information, please visit www.ddh1drilling.com.au.





The Value of Experience

Macquarie Conference
Presentation

5 May 2021

Important notice and disclaimer

Important Notice and Disclaimer

This presentation and these materials (together the “Presentation”) have been prepared by DDH1 Limited ABN 48 636 677 088 (ASX Code: DDH) (“DDH1”) as a summary of DDH1’s operations and results for the purposes of a presentation to existing or potential investors in DDH1. By participating in this Presentation or reviewing or retaining these materials, you acknowledge and represent that you have read, understood, and accepted the terms of this Important Notice and Disclaimer.

This Presentation should be read in conjunction with DDH1’s Prospectus dated 10 February 2021, the half year financial statements and 2020 annual financial statements of DDH1 Holdings Pty Ltd lodged with the Australian Securities Exchange (“ASX”) on 9 March 2021, and other periodic and continuous disclosure announcements that have been lodged by DDH1 with the ASX.

This Presentation is not intended as an offer, invitation, solicitation, or recommendation with respect to the purchase or sale of any security in the United States or any other jurisdiction.

Non-IFRS Information: DDH1’s financial reporting complies with Australian Accounting Standards and International Financial Reporting Standards (“IFRS”). This Presentation includes material that contains non-IFRS measures that are not subject to audit. The non-IFRS information has not been audited. All amounts are expressed in Australian dollars, unless otherwise stated.

Forward-Looking Statements and Risks: This Presentation may contain forward looking statements concerning activities which are or may be undertaken, outlook or other matters. Any such forward-looking statements are based on assumptions, which may differ materially from the actual circumstances which may arise. Actual results may differ from projections and such variations may be material. You should not place undue reliance on any projections, which are based only on information currently available to DDH1. DDH1 undertakes no obligation to update any forward-looking statements for events or circumstances that occur subsequent to the date of this Presentation or to keep current any of the information provided. Past performance is no guarantee of future performance.

Forward-looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that those predictions, forecasts and other forward-looking statements will not be achieved. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

This Presentation contains statements that are subject to risk factors associated with DDH1’s industry as well as unknown risks and uncertainties (both general and specific), many of which are outside the control of DDH1 (Refer to risks described in DDH1’s Prospectus dated 10 Feb 2021). It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables, some of which are outside the DDH1’s control, which could cause actual results or trends to differ materially, including but not limited to earnings, capital expenditure, cash flow and capital structure risks and general business risks. **Given this, recipients are strongly cautioned not to place undue reliance on any Projections and forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.**

Disclaimer: Other than as required by law, neither DDH1 nor any other person (including any director, officer or employee of any member of the Group) gives any representation, warranty or assurance (express or implied) in relation to the accuracy or completeness of any forward-looking statement or that the occurrence of any event, results, performance or achievement will actually occur. Except as required by applicable laws or regulations, DDH1 expressly disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this presentation to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

DDH1 – Why Invest

- DDH1 is well positioned to take advantage of the following macro trends
 - Highly supportive commodity prices and capital markets for our customer base
 - Historical under investment in exploration
 - Recent exploration discoveries in Australia of global significance
 - Tightening in supply of drill rigs into the Australian market
- Industry leading financial performance and balance sheet strength
 - ROIC of 31%
 - Forecast net cash of \$7.4m at 30 June 2021
- Long awaited actual evidence of rate improvements
- Diversified commodity exposure, client base and geographical regions
- Operating the best in class modern fleet, which is the largest surface fleet in Australia, with the most highly skilled workforce
- Starting capacity for FY22 is 23% higher than FY20 and we envisage an operating environment less impacted by COVID than FY20 & FY21
- History of successful organic and inorganic growth
 - Rig count has grown every year since 2011
 - Successful acquisitions of Strike Drilling and Ranger Drilling



DDH1: Company Overview

DDH1 was established in 2006 to focus on providing specialised drilling services to the resources sector. DDH1 will have 103 rigs and over 950 employees in early FY22.

Focus on disciplines where we are outstanding with equipment, we know...



- Deep complex Diamond Core drilling programs
- 65 rigs at present, including 10 underground rigs
- Adding a further 2 rigs in FY2021
- Equipment life +20 years



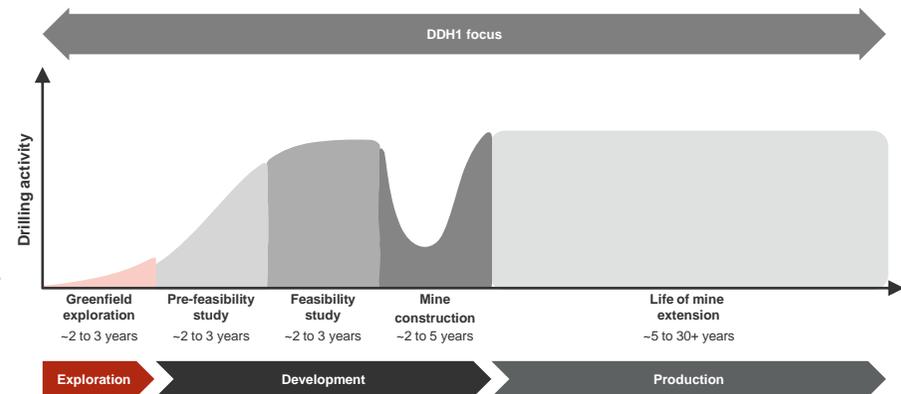
- Aircore and Reverse Circulation drilling specialist
- Focus on early mine activity
- 12 rigs at present, including 7 dual purpose
- Equipment life +20 years



- Reverse Circulation specialist in the Iron Ore sector
- 20 rigs at present
- Adding 2 more rigs in FY2021, with 2 further rigs scheduled to arrive in early FY22
- Equipment life +20 years

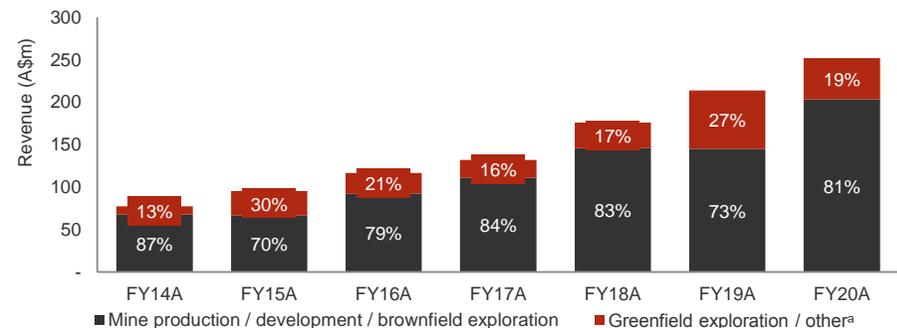
... designed to operate through the entire mine life

Illustrative levels of drilling activity through the mine life cycle



Essential service to quality clients

DDH1 Group historical revenue by mine activity type (%)



Notes: a. Others includes oil & gas, carbon sequestration and water bores.

Corporate Snapshot

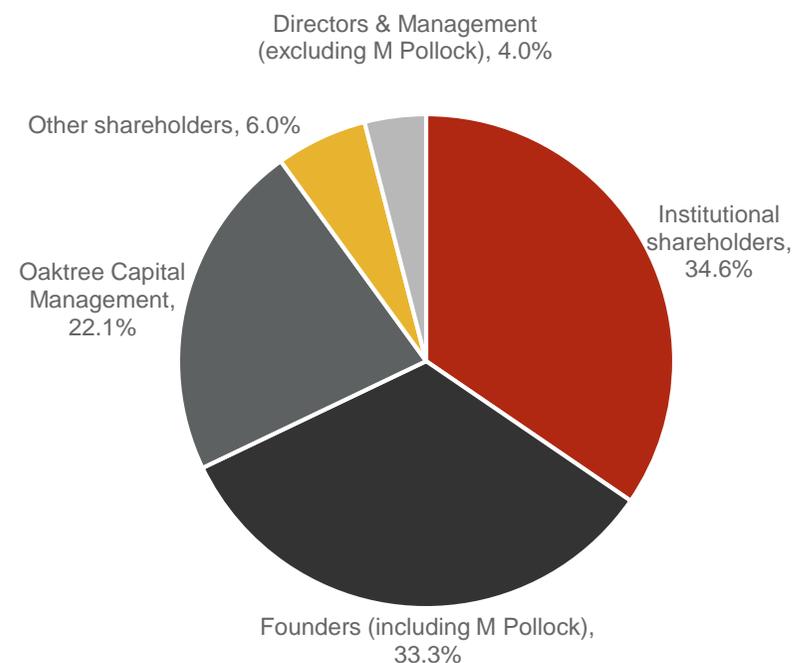
IPO Summary

ASX Code	DDH
Date Listed	9 March 2021
Listing Price	\$1.10
Amount Raised	A\$150 million
Market Capitalisation ¹	A\$377.1 million

FY21 Forecast Financial Summary

Proforma Revenue ²	A\$280.2 million
Proforma EBITDA ²	A\$69.3 million
Net Cash/(Debt) – 30/6/21	A\$7.4 million
ROIC ³	31%

Shareholders⁴





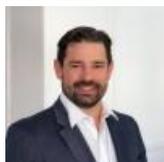
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DDH1 overview



Highly experienced leadership team

Operational



Mat Scarlett
General Manager
Operations,
DDH1 Drilling

- 19 years of drilling experience
- Mat has been instrumental to the establishment and development of DDH1 Drilling and retains ongoing responsibility for its overall operational and financial performance



Matt Izett
Managing Director,
Ranger Drilling

- 34 years of drilling experience
- Matt is responsible for Ranger Drilling's overall operational and financial performance



Richard Bennett
Managing Director,
Strike Drilling

- 34 years of drilling experience
- Richard is responsible for Strike Drilling's overall operational and financial performance

Long standing drilling experience and technical capabilities

Board of Directors



Diane Smith-Gander (AO)
Independent Non-Executive
Chairperson



Alan Broome (AM)
Independent Non-Executive
Director



Andrea Sutton
Independent Non-Executive
Director



Murray Pollock
Non-Executive
Director/DDH1
Founder



Byron Beath
Non-Executive
Director

Executives



Sy Van Dyk
Chief Executive Officer
and Managing Director



Ben MacKinnon
Chief Financial Officer



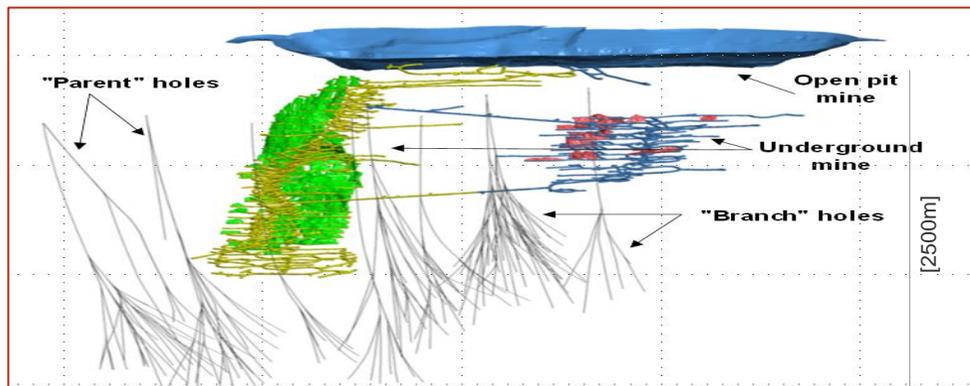
Andrew Venn
EGM, Corporate Services

Robust corporate governance framework driving accountability

DDH1: a premium service provider

Specialised service

- DDH1 has specialist driller and equipment to overcome complex geological structures to gather and supply critical information to its clients



A cross sectional example of a surface drilling program

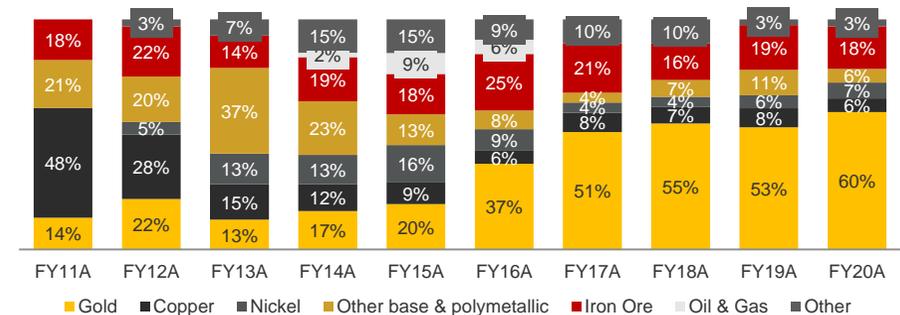
Essential service to quality clients

Over 100 clients including:



Historical revenue by commodity exposure

- DDH1 has targeted end markets that have sound fundamentals. DDH1's specialised hard rock drilling focus has allowed it to diversify its commodity exposure over time
- Current focus on Gold and Iron Ore given strong fundamentals



Competitive advantage

Experience + Equipment = Efficiency

- DDH1's success is due to its strategy of focusing on complex, hard to replicate services that require technical experience and the right capital equipment
- DDH1 is able to produce quality information through:
 - Experience of the team; and
 - Development of a highly standardised, well maintained fleet.

DDH1: a business that manages cyclicality

#1 Provide an Essential Service

Provide a service that is required throughout a mine's life regardless of commodity prices

#2 Specialise

Operate a specialised service that can't be easily replaced and deters insourcing by miners

#3 Disciplined Growth

Focus on return on capital, not revenue or market share

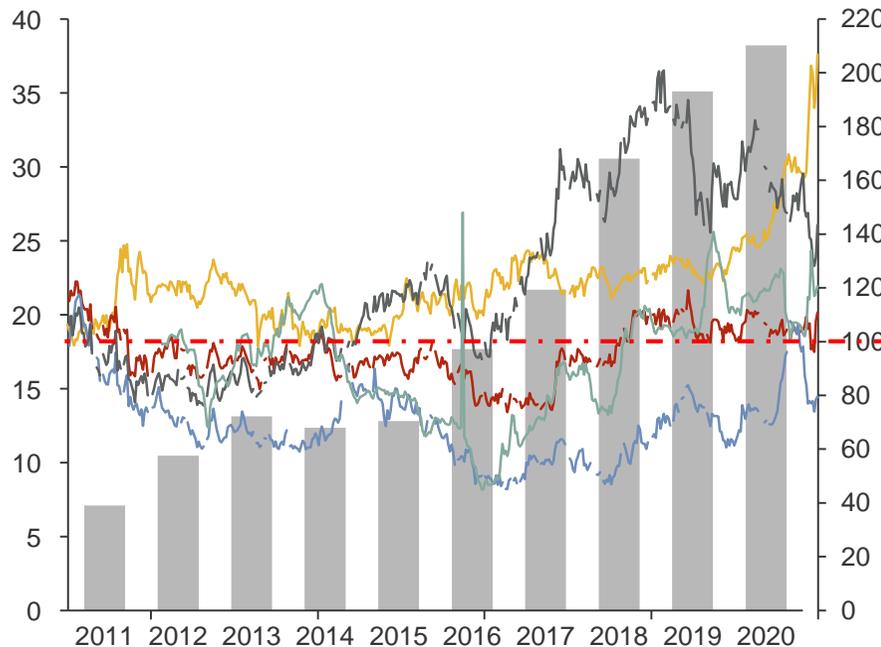
#4 Diversify

Be able to move between performing end markets

#5 Limit Debt

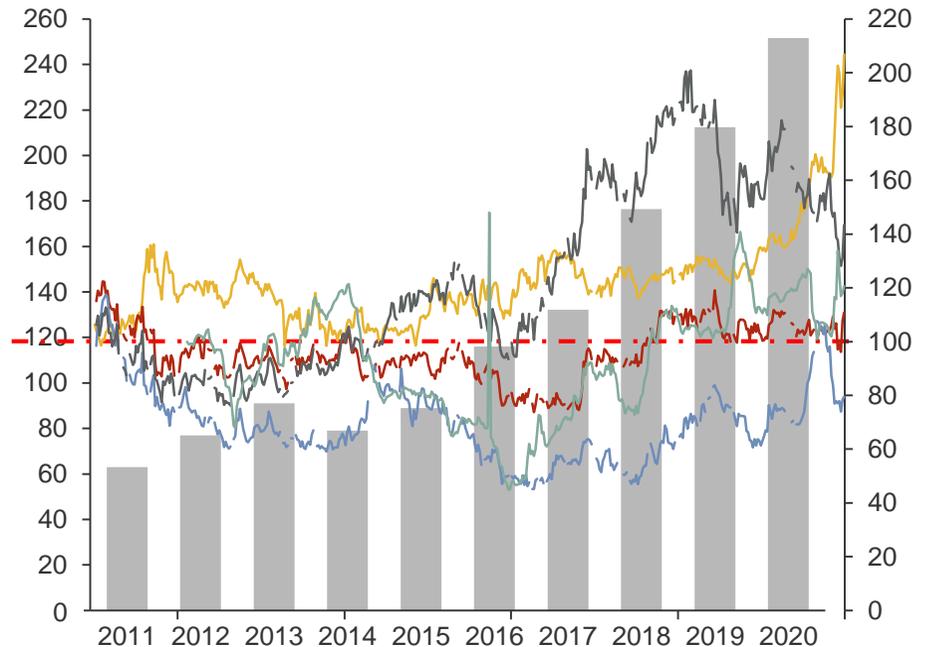
Limit debt and remain liquid to maximise cyclic opportunity

Group shifts, #k



Commodity price index

Group revenue¹, \$m



— Gold — Copper — Nickel — Zinc — Iron ore

Notes: 1. FY11 – FY16 DDH1 revenue is unaudited and based on management accounts. Strike Drilling was founded in 2014.

DDH1: measures of a premium service provider

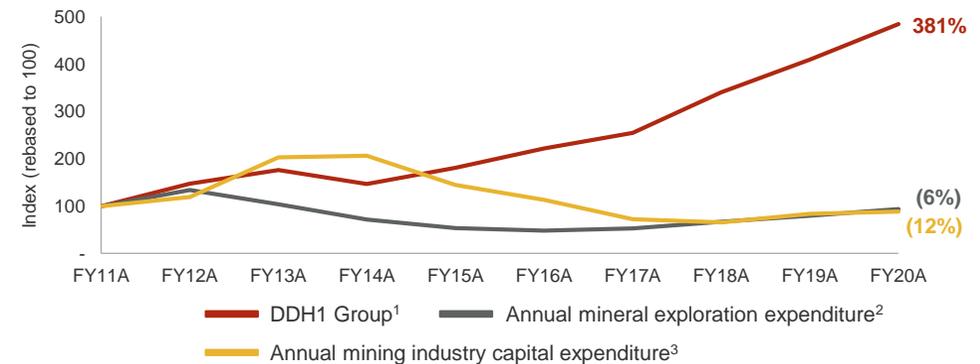
Customer retention

Customer	Relationship length	Contract with
BHP	6 years	Ranger Drilling, DDH1 Drilling
Evolution Mining	3 years	DDH1 Drilling
Gold Fields	11 years	DDH1 Drilling
Independence Group	5 years	DDH1 Drilling
KCGM	5 years	DDH1 Drilling
Newmont Goldcorp Australia	5 years	DDH1 Drilling
Ramelius Resources	5 years	DDH1 Drilling, Strike Drilling
Rio Tinto	8 years	Ranger Drilling
Roy Hill Iron Ore	8 years	Ranger Drilling
St Barbara	10 years	DDH1 Drilling

Resilience

DDH1 Group revenue rebased to 100 and indexed vs exploration and capital expenditure

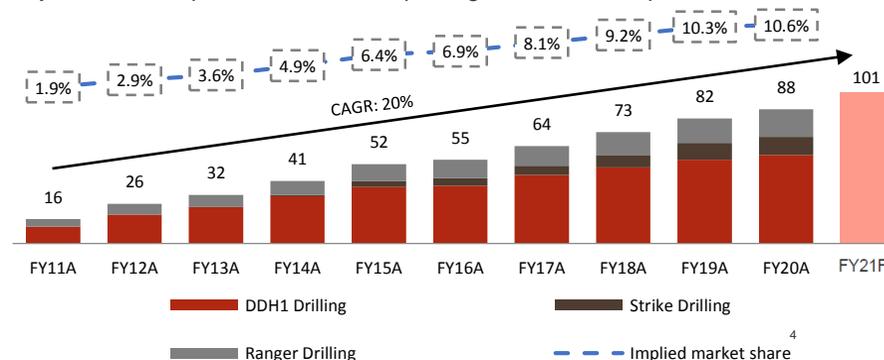
- DDH1's specialised services are drilling throughout the cycle, regardless of commodity price volatility or exploration capex



Continued growth

Number of rigs

- Consistent growth in market share highlights DDH1's ability to grow through the cycle due to its premium service displacing incumbent competitors

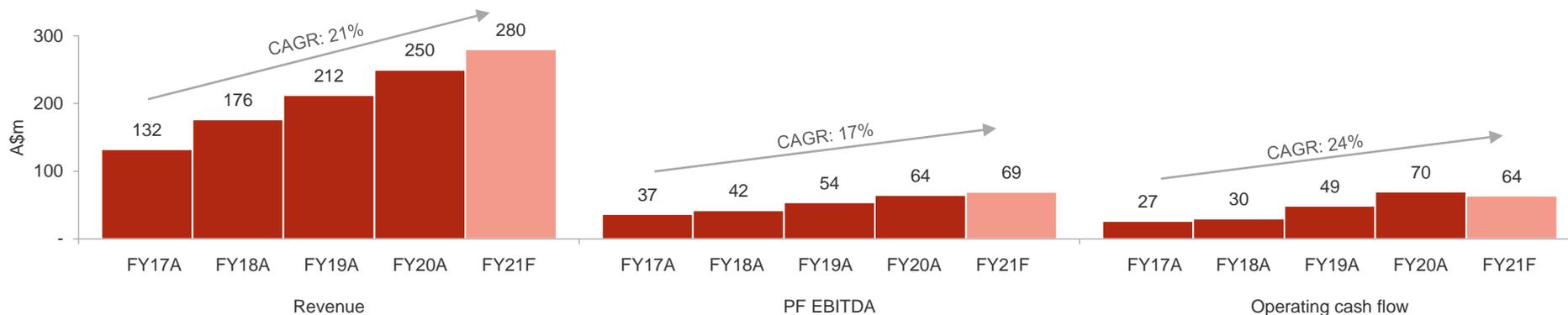


Notes: 1. FY11 – FY16 DDH1 revenue is unaudited and based on management accounts. Strike Drilling was founded in 2014. 2. Other than for petroleum (ABS mineral and petroleum exploration, 8412.0, June 2020, expenditure). 3. ABS – 5625.0 – Private New Capital Expenditure and Expected Expenditure, Australia, Jun 2020 (Table 1A). 4. Number of rigs derived from combining the number of rigs from DDH1 Drilling, Strike Drilling and Ranger Drilling as at the end of each financial year. Implied market share percentages calculated as DDH1 Group number of rigs divided by ADIA estimated total number of rigs in Australia.

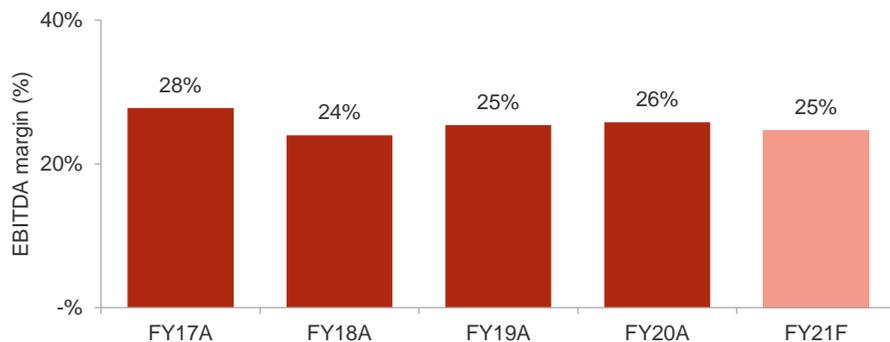
DDH1: Consistently strong performance through the cycles

Strong revenue and cash flow growth, high margins and return on invested capital

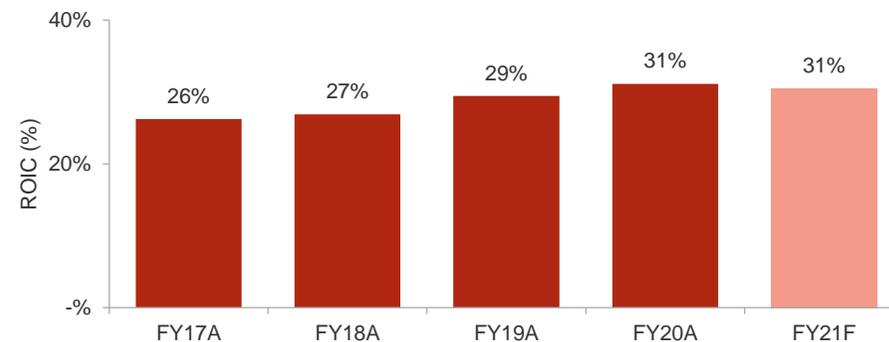
Revenue, Pro forma EBITDA and operating cash flow FY17A – FY21F CAGR¹



Pro forma EBITDA margins



Return on invested capital² (ROIC)

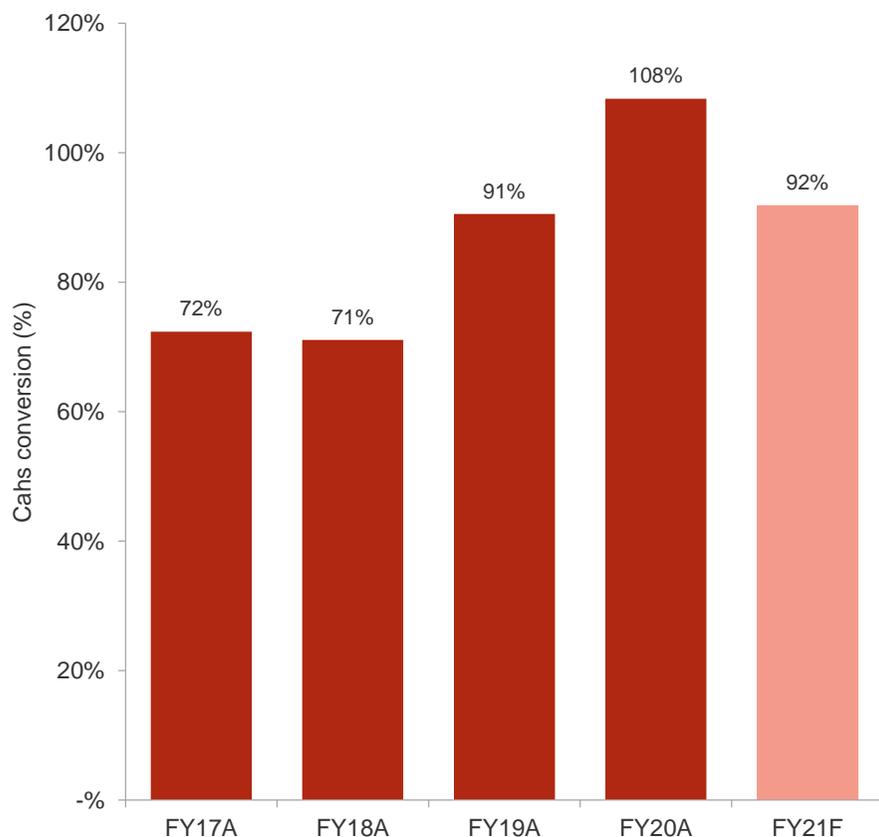


Notes: 1. Operating cash flow pre interest, financing, taxation and investing cash flows. 2. Return on invested capital calculated as pro forma EBITA / (average of prior and current year end balances of PP&E + average of prior and current year end balances of net working capital). Balances used in calculations for the years ended Jun-17 and Jun-18 have been extracted from Aggregated Financial Information and exclude fair value uplifts to PP&E upon acquisition of Ranger and Strike; balances used in calculations for the years ended Jun-19 and Jun-20 have been extracted from Consolidated Financial Information and are consistent with the Jun-21 (forecast) balances which include the Ranger and Strike acquisition fair value uplift.

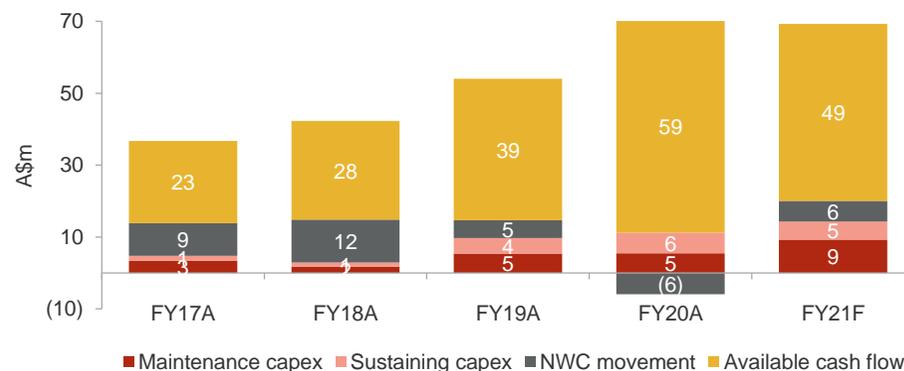
DDH1: Consistently strong cash flow through the cycles

DDH1 has strong operating cash conversion & cash generation, which will fund a potential dividend yield of 3.3%³.

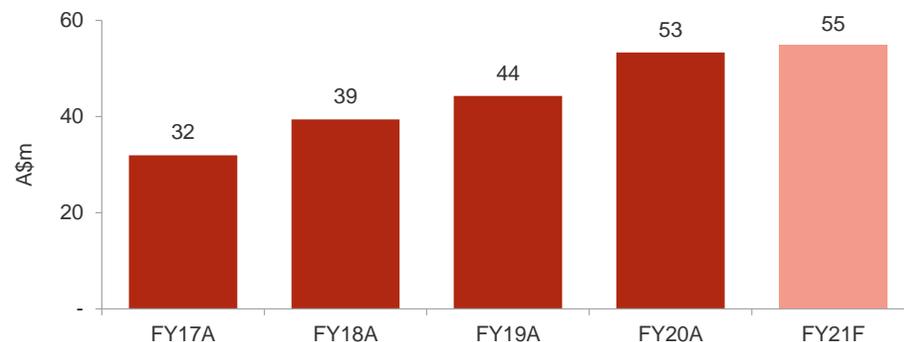
Pro forma cash conversion¹



Available cash flows²



Pro forma EBITDA less sustaining and maintenance capex

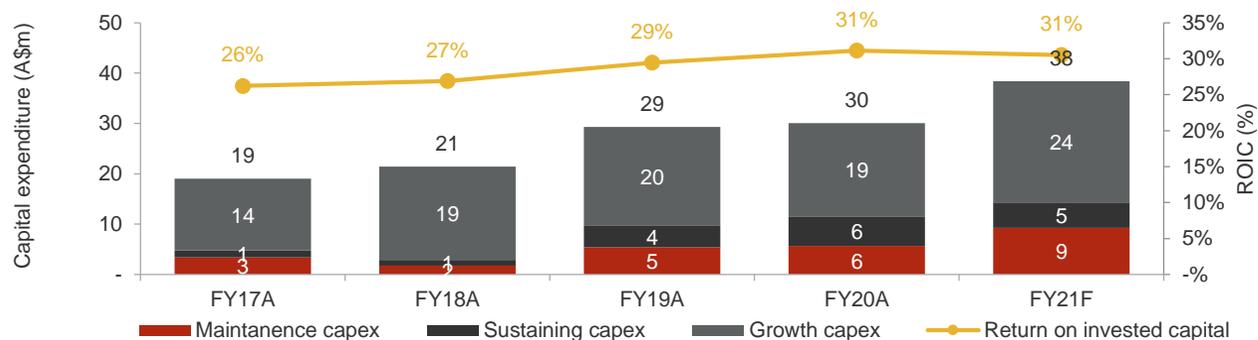


Notes: 1. Operating cash flow (before financing, taxation and investing cash flows) is calculated as a percentage of Proforma EBITDA. 2. Available cash flows represent operating cash flow after maintenance and sustaining capex, as well as NWC outflow. 3. Annualised Pro Forma FY2021 forecast dividend yield at Offer Price is calculated as the mid-point stated dividend payout ratio of 40% of Pro Forma FY21 NPATA of \$31.5 million divided by the Offer Price..

DDH1: Disciplined CAPEX through the cycles

FY17A – FY21F capex vs ROIC^{1,2}

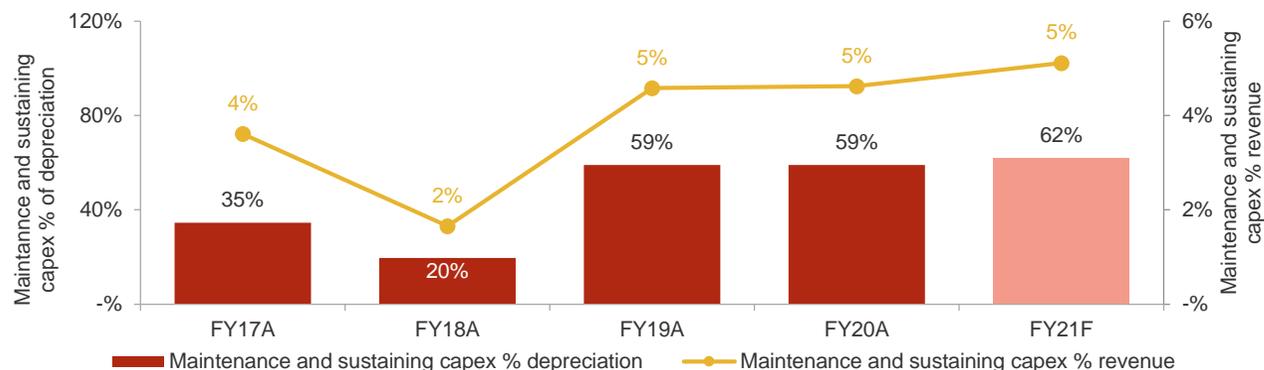
	FY17A	FY18A	FY19A	FY20A	FY21F
No. acquired rigs	14	6	6	10	7
No. commissioned rigs	7	11	10	7	11



Commentary

- ROIC (pro forma EBITA on invested capital)² has increased notwithstanding increased capital expenditure, which highlights the strong organic performance for the same store base of existing equipment
- Combined maintenance and sustaining capital expenditure tracks below depreciation due to:
 - 1 The practical effective life of DDH1's rigs is higher than the depreciable effective life
 - 2 The continued growth of DDH1 through the acquisition of new rigs has kept the fleet age relatively young
 - 3 Standardization across DDH1's rig fleet contributes to reduced maintenance costs

Depreciation vs maintenance and sustaining capex



Notes: 1. DDH1 classifies capital expenditure into three categories: maintenance capex relating to the maintenance of the existing fleet, sustaining capex relating to replacement of existing PP&E, and growth capex relating to adding to the existing fleet and contributing to additional operating capacity. Represents all capex. 2. Return on invested capital calculated as pro forma EBITA / (average of prior and current year end balances of PP&E + average of prior and current year end balances of net working capital). Balances used in calculations for the years ended Jun-17 and Jun-18 have been extracted from Aggregated Financial Information and exclude fair value uplifts to PP&E upon acquisition of Ranger and Strike; balances used in calculations for the years ended Jun-19 and Jun-20 have been extracted from Consolidated Financial Information and are consistent with the Jun-21 (forecast) balances which include the Ranger and Strike acquisition fair value uplift.



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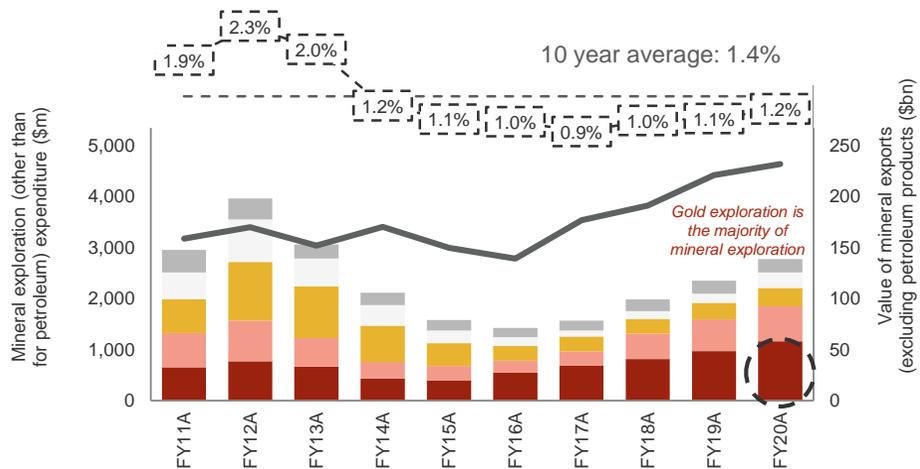
Strong Outlook for Growth Aspirations



DDH1: demand drivers

Exploration expenditure has started to increase but remains below the 10 year average and peak. Significant gold exploration required to sustain production profile

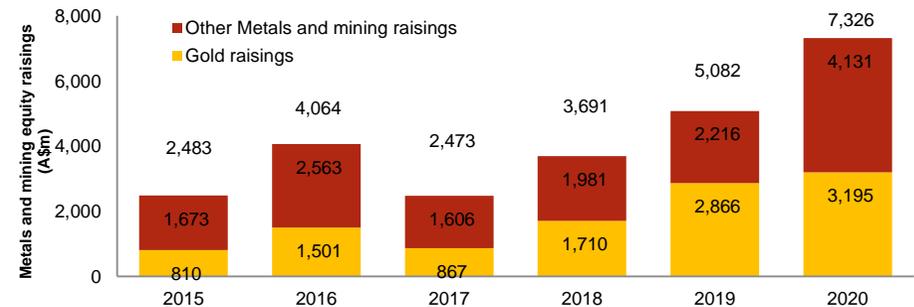
Australian mineral exploration expenditure is increasing (\$m)¹



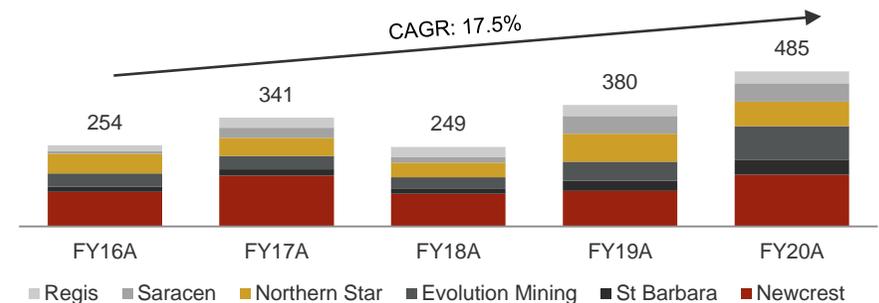
- Other mineral exploration (other than for petroleum) expenditure (\$m, LHS)
- Coal exploration expenditure (\$m, LHS)
- Iron ore exploration expenditure (\$m, LHS)
- Base metals, silver and cobalt exploration expenditure (\$m, LHS)
- Gold exploration expenditure (\$m, LHS)
- Value of mineral (excluding petroleum products) exports (\$bn, RHS)
- Ratio of mineral exploration (other than for petroleum) expenditure to the value of mineral (excluding petroleum products) exports (%)

Equity Capital Market issuance supports exploration budgets²

Gold exploration expenditure has taken many years to recover, during which time gold production has continued to grow. This suggests that significant and sustained exploration expenditure may be required to replenish strong forecast production levels going forward



ASX listed gold producers are increasing exploration budgets

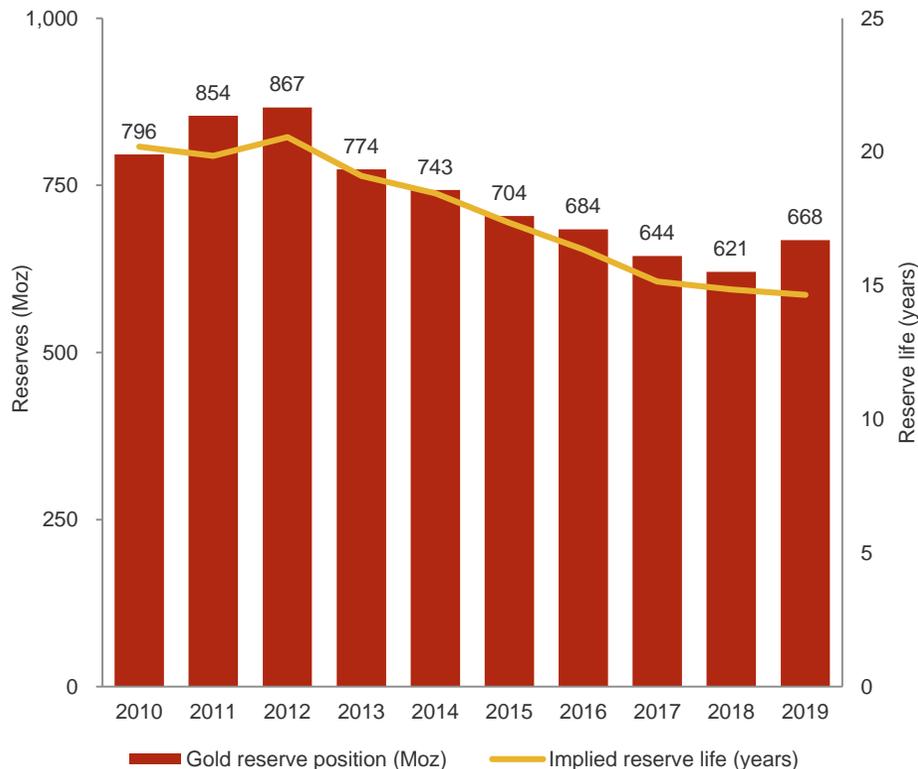


Source: S&P Global Market Intelligence, Office of the Chief Economist, Resources and Energy Quarterly, September 2020, Historical Data, Tables 14 and 17. Department of Industry, Innovation and Science. Company announcements. Note 1: Other than for petroleum. 2. Analysis excludes Equity Capital Markets issuances of less than A\$1m.

DDH1: demand drivers (cont.)

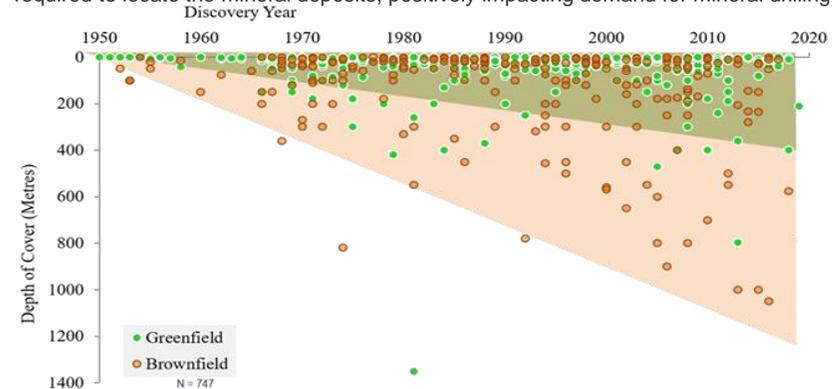
Lower gold reserves and reserves, coupled with a forecasted material copper deficit highlight the need for material investment in reserve replacement

Gold reserve position and average mine life of top 20 global gold producers

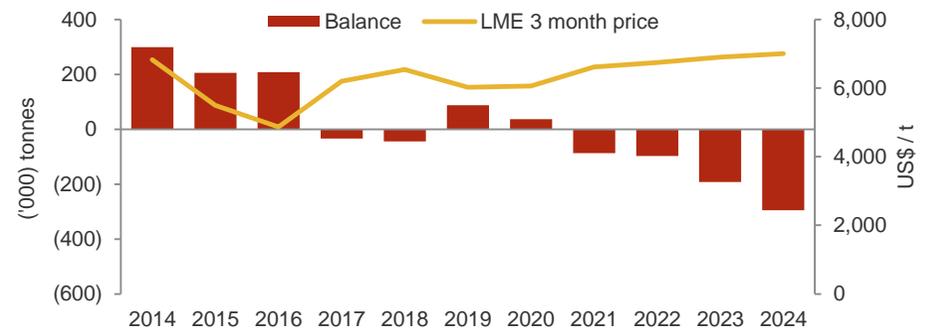


Depth of cover for discoveries in Australia since 1950

There is a transition from shallower to deeper deposits as existing mines become deeper, resulting in a greater prevalence of both brownfield and greenfield exploration. Greater volumes of drilling are required to locate the mineral deposits, positively impacting demand for mineral drilling services.



S&P forecasts material Cu deficit 2021 - 2024¹



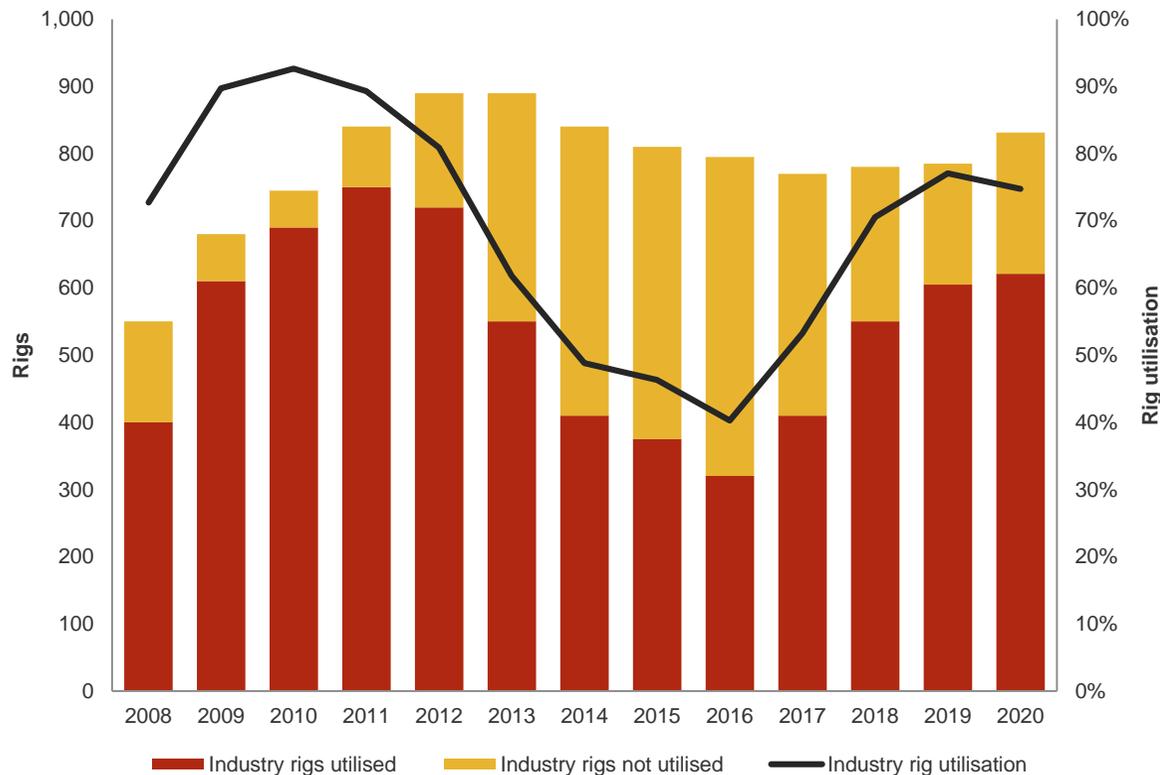
Sources: 1. S&P Global Markets Intelligence, Strategies for Gold Reserves Replacement: The costs of finding and acquiring gold, August 2020. 2. MinEx Consulting. 3. S&P Global Market Intelligence, Global supply demand balance, September 2020.

DDH1: supply drivers

Limited availability of rigs, lack of manufacturing capacity, and human capital constraints are contributing to significantly tightened supply

Number of rigs in Australia

Reduced availability of rigs



Supply factors

- 1 Total number of rigs in Australia has declined since 2012
- 2 Limited manufacturing capacity of new rigs for the Australian market, with major suppliers having downsized capacity or exited entirely
- 3 Human capital constraints limit the number of operating rigs

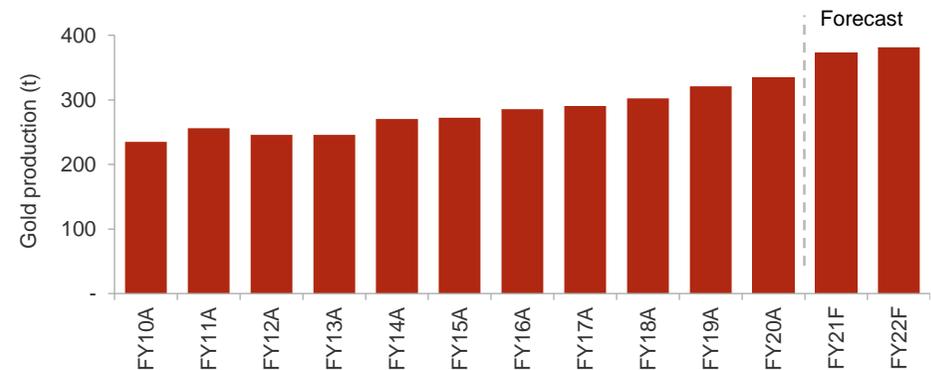
DDH1: positive macro outlook

With a positive outlook for Australian mineral exploration expenditure, and DDH1's strong exposure to buoyant commodities such as gold and iron ore, the macro outlook for DDH1 is positive

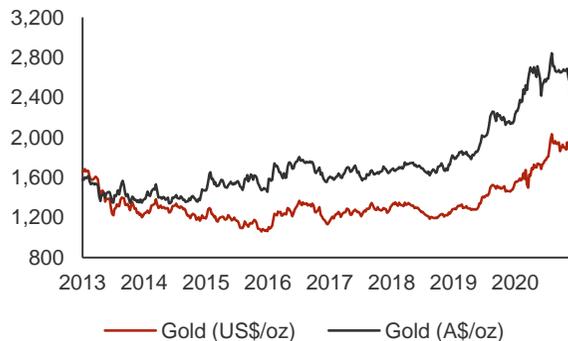
Overview

- Gold, iron ore, copper and nickel prices are currently strong, having increased an average 36% through 2020
- Strength of commodity prices is forecast to remain high, underpinned by government stimulus and long-term demand
- Strong cash flows and balance sheets of customers further aided by the raising of \$7.3bn in 2020 by resources companies on the ASX
- Reserves are being depleted at a faster rate than discoveries and new discoveries are likely to be under cover and at depth
- The management of COVID-19 related border closures remains a challenge however DDH1 and its customers are responding

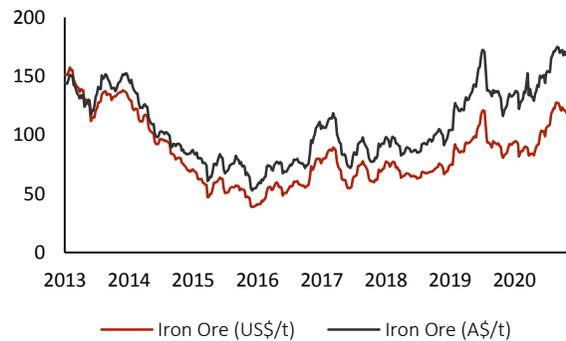
Australian gold production forecast to hit record levels driving increased drilling requirements to replace depleting reserves



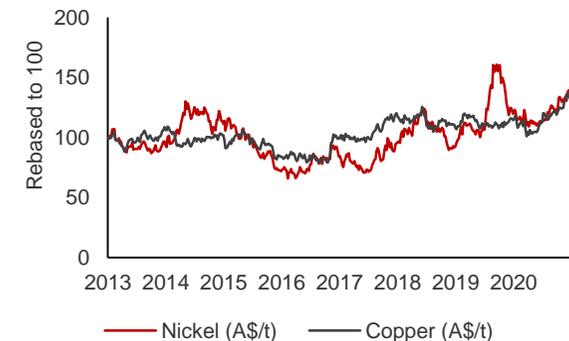
Gold prices (US\$ / oz) increased by 22% through 2020



Iron ore prices rallied to a 6-year high in 2020 and remain strong



Copper and nickel prices increased by 15% and 9% respectively in 2020



DDH1: positioned for growth

DDH1's management has continued to position the Company to deliver organic growth and to assess inorganic growth opportunities

Internal Factors

New business opportunities

1

- DDH1 continues winning new customer contracts and expand the scope of services provided to existing customers
- DDH1's business model provides a competitive advantage in pursuing long-term whole-of-mine exclusive relationships

Higher utilisation

2

- Higher utilisation of existing fleet as new business opportunities and drilling activity continues to increase
- Shift utilisation was 89% in FY11A, which provides context to the potential upper bound of DDH1's available capacity that stands significantly higher than the achieved utilisation of 73% in FY20A

Rate increases

3

- DDH1 is beginning to experience rate increases as activity ramps up, industry-wide utilisation recovers and equipment availability remains tight

Organic rig fleet expansion

4

- Continued expansion of the rig fleet to meet market demand
- Ordered another 13 which are expected to be delivered during the course of FY2021
- Number of operating rigs at year end has increased at a CAGR of 21% FY11A - FY20A

Acquisitions

5

- DDH1 continues to pursue selective acquisitions of high quality and complimentary drilling businesses which bring additional diversity
- Acquisitions typically operate as specialised businesses within the broader Group

External Factors

Supportive commodities

1

- Very strong gold and iron ore prices are driving increased exploration and mine life extension drilling

Exploration success

2

- Australia has continued to increase its proportion of new discoveries made globally, with new greenfield discoveries continuing to stimulate mineral exploration expenditure

Increase in capital raised

3

- ECM capital raised on ASX by miners was up 44% in 2020 versus 2019 which is supportive of exploration budgets for years to come

Emergence of majors targeting exploration

4

- Major mining houses have re-emerged after decades of exploration inactivity as major exploration players in Australia

Increased drilling depth

5

- Existing mine lives are being extended at depth and new discoveries are occurring increasingly at depth due to advanced geophysics, seismic surveys and increased commodity prices

THANK YOU

From



DDH1 Limited

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Canning Vale WA 6155
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