

**Dynamic Drill and Blast Holdings Limited****Appendix 4E****Preliminary final report****1. Company details**

Name of entity:	Dynamic Drill and Blast Holdings Limited
ABN:	49 640 888 213
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

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**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	up	47.9% to	22,509,172
Profit from ordinary activities after tax attributable to the owners of Dynamic Drill and Blast Holdings Limited	up	277.1% to	1,640,132
Profit for the year attributable to the owners of Dynamic Drill and Blast Holdings Limited	up	277.1% to	1,640,132

**Dividends**

There were no dividends paid, recommended or declared during the current financial period.

**Comments**

The profit for the consolidated entity after providing for income tax amounted to \$1,640,132 (30 June 2020: \$434,882).

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>20.18</u>	<u>2.22</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Dividends****Current period**

There were no dividends paid, recommended or declared during the current financial period.

**Previous period**

There were no dividends paid, recommended or declared during the previous financial period.

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**Dynamic Drill and Blast Holdings Limited**  
**Appendix 4E**  
**Preliminary final report**

**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements have been audited and an unmodified opinion has been issued.

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**11. Attachments**

*Details of attachments (if any):*

The Annual Report of Dynamic Drill and Blast Holdings Limited for the year ended 30 June 2021 is attached.

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**12. Signed**

Signed 

Date: 27 August 2021



**Dynamic Drill and Blast Holdings Limited**

**ABN 49 640 888 213**

**Annual Report - 30 June 2021**

**Dynamic Drill and Blast Holdings Limited**  
**Corporate directory**  
**30 June 2021**



Directors	Mark Davis (re-elected 09/12/2020) Garret Dixon (re-elected 09/12/2020) Matthew Freedman (re-elected 09/12/2020) George Garnett (re-elected 09/12/2020)
Company secretary	James Bahen
Registered office	Suite 6 295 Rokeby Road Subiaco WA 6008
Principal place of business	54 Achievement Way Wangara WA 6065
Share register	Automic Registry Services Level 2 267 St Georges Terrace Perth WA 6000
Auditor	BDO Audit (WA) Pty Ltd Level 1 38 Station Street Subiaco WA 6008
Solicitors	HWL Ebsworth Level 20 240 St Georges Terrace Perth WA 6000
Stock exchange listing	Dynamic Drill and Blast Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: DDB)
Website	<a href="http://www.dynamicdrillandblast.com.au">www.dynamicdrillandblast.com.au</a>
Corporate Governance Statement	A copy of the Corporate Governance statement can be found at <a href="http://www.dynamicdrillandblast.com.au">www.dynamicdrillandblast.com.au</a>

## Letter from the Chairman

Dear Shareholders

It is with pleasure that I present to you the annual report of Dynamic Drill and Blast Holdings Limited ('DDB') for the year ended 30 June 2021.

It has been an exciting year DDB as we concluded our restructuring and reorganisation program and focused on the next phase of growth in conjunction with improved business performance. Importantly, this has been reflected in a strong financial performance for the year.

We treasure the relationships with our clients and continue to provide services to Galaxy Resources, Carey Mining at AngloGold Ashanti's Golden Delicious project as well as Rio Tinto's White Quartz Road project and Adaman Resources Kirkalocka gold project and various other clients for short term civil projects. Looking forward, Strike Resources have selected DDB as the preferred drill and blast contractor for the Paulsens East Iron Ore project, with an estimated initial term of 4 years.

In addition to the strong organic growth achieved, we expanded our capability and expertise with the finalisation of the acquisition of Orlando Drilling (Orlando) in July 2021. Orlando has a diversified blue-chip client base predominately in the Pilbara and Goldfields, and provides significant scale to DDB, boosting the total fleet to 35 drill rigs. We welcome all of Orlando's employees and thank them for their efforts in ensuring a successful transition, whilst remaining focussed on servicing current customers to the highest level.

The future looks bright, and we are buoyed by the strength of the market and the solid tendering pipeline. The mining industry has remained one of least-affected sectors during the pandemic and we are fortunate to be leveraged to this industry. There are also good opportunities in the civil sector with significant government infrastructure spending earmarked.

On behalf of my fellow board members, I would like to thank our shareholders for their support as well as our employees for their continued dedication and hard work. I am proud of what DDB has achieved since our ASX listing last year and excited by our future prospects. We look forward to sharing our ongoing success with you.

Yours faithfully



Garret Dixon  
Non-Executive Chairman  
Dynamic Drill and Blast Holdings Limited

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Dynamic Drill and Blast Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

### **Directors**

The following persons were directors of Dynamic Drill and Blast Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mark Davis (re-elected 09/12/2020)  
Matthew Leo Freedman (re-elected 09/12/2020)  
George Garnett (re-elected 09/12/2020)  
Garret Dixon (re-elected 09/12/2020)

### **Principal activities**

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Drilling & Blasting services

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

### **Review of operations**

The profit for the consolidated entity after providing for income tax amounted to \$1,640,132 (30 June 2020: \$434,882).

Dynamic Drill and Blast Holdings Limited successfully listed on the Australia Stock Exchange (ASX) on 6 August 2020.

Dynamic Drill & Blast is a supplier of drilling and blasting services to clients in the mining and construction sectors in Western Australia. Dynamic Drill & Blast has a highly experienced executive management team focused on quality service provision, employee safety and providing solutions. Dynamic Drill & Blast focuses on mid-size mining and construction projects within a range of commodity sectors, including iron ore, lithium and gold, however, its core offering comprises of construction projects throughout Western Australia.

Revenue has increased by 47.9% this year, compared with last year, this is due to the Company moving forward with its growth strategy. FY2020 represented finalisation of its 12 month restructuring and reorganisation program, culminating in successful listing on the ASX on 6 August 2020. This positioned the Company well in FY2021 to move forward with its growth plan, including:

- actively decreasing customer concentration and improving revenue diversification
- growing drill fleet to service additional clients
- capitalising on the strength of the market.

Profit has increased by 277% this year, compared with last year, this is also due to the Company's growth strategy, including:

- removing low margin services focus on providing services
- securing long term contracts with tier 1 clients
- active focus on cost management

It is important to note also that FY2020 profit included additional one-off expenses incurred in relation to preparing to list.

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

### **Matters subsequent to the end of the financial year**

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Dynamic Drill and Blast Holdings Limited successfully completed A\$10 million placement via the issue 22,222,222 ordinary shares, the placement was completed in 2 tranches:

- Issue of 13,787,905 ordinary shares on 31 May 2021 at \$0.45 to raise \$6,204,557
- Issue of 8,434,317 ordinary shares on 9 July 2021 at \$0.45 to raise \$3,795,443

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

### **Likely developments and expected results of 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.

### **Environmental regulation**

The consolidated entity is subject to and is compliant with all aspects of environmental regulation relevant to their operations. The directors are not aware of any environmental law that is not being complied with.

### **Information on directors**

Name:	Mark Troy Davis
Title:	Managing Director
Experience and expertise:	Mark 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.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	8,333,333
Interests in options:	2,682,280
Interests in rights:	1,281,220

Name: Garret John Dixon  
 Title: Non Executive Chairman  
 Qualifications: Bachelor of Engineering (Hons)  
 Master of Business Administration  
 Member of the Australian Institute of Company Directors

Experience and expertise: 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. Garret's career since graduation in 1981 includes time with a Federal Government construction department, Executive General Manager for civil construction and contract mining group Henry Walker Eltin Ltd, Managing Director of logistics company Mitchell Corporation, Managing Director & CEO of ASX listed Gindalbie Metals Ltd and Vice President Alcoa & President of Iron Ore Business Development for rail freight operator Aurizon. Until recently, Garret 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.

Other current directorships: Non-executive Director - BCI Minerals Limited  
 Non-executive Director - Chalice Gold Mines Limited  
 Non-executive Director - MLG Oz Limited  
 Former directorships (last 3 years): Non-executive Director - Watpac Limited (February 2014 to February 2019)  
 Interests in shares: 250,000  
 Interests in rights: 500,000

Name: Matthew Leo Freedman  
 Title: Executive Director  
 Qualifications: Bachelor of Business Administration  
 Experience and expertise: Matthew brings over 13 years of experience in the mining and mining services sector, Matthew's earlier roles include working for Rio Tinto, Worley Parsons and Emeco.  
 Other current directorships: Nil  
 Former directorships (last 3 years): Nil  
 Interests in shares: 8,333,333  
 Interests in options: 2,582,280  
 Interests in rights: 1,281,220

Name: George Henry Miller Garnett  
 Title: Non Executive Director  
 Qualifications: Bachelor of Commerce  
 Experience and expertise: George is an experienced equity capital markets executive, having advised on the formation and execution of numerous transactions in emerging companies. George is currently a Director of Corporate Finance at Canaccord Genuity Australia.  
 Other current directorships: Nil  
 Former directorships (last 3 years): Nil  
 Interests in shares: 1,598,614  
 Interests in options: 316,540  
 Interests in rights: 215,460

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

#### **Company secretary**

The Company secretary is James Bahen.



Mr Bahen holds a Graduate Diploma of Applied Finance and a Bachelor of Commerce degree majoring in Accounting and Finance. He commenced his career in audit and assurance with a Chartered Accounting firm and has worked in a corporate advisory firm providing company secretarial support to a number of listed companies that operate in the resource sector.

### **Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board Attended	Held
Mark Davis	7	7
Garret Dixon	7	7
Matthew Freedman	7	7
George Garnett	7	7

Held: represents the number of meetings held during the time the director held office.

### **Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to equity instruments
- Additional disclosures relating to key management personnel

#### ***Principles used to determine the nature and amount of remuneration***

The Board is responsible for determining and reviewing the compensation of the directors and the executive directors are responsible for determining and reviewing the remuneration of senior executives. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the Company's operations. The Board of Directors assesses market rates and seeks the advice of external advisers, where necessary, in connection with the structure of remuneration packages. The Board also recommends levels and form of remuneration for Non-Executive Directors with reference to performance, relevant comparative remuneration and independent expert advice. The total sum of remuneration payable to Non-Executive Directors shall not exceed the sum fixed by members of the Company in general meeting. The Company has not used a remuneration consultant.

The Board have considered that it should seek to enhance shareholders' interests by:

- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

#### ***Non-executive directors remuneration***

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

### *Executive remuneration*

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

### **Details of remuneration**

#### *Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Dynamic Drill and Blast Holdings Limited:

- Mark Davis (commenced with Dynamic Drill & Blast Pty Ltd on 24 October 2011, executive service agreement replaced this on 26 July 2020)
- Matthew Freedman (commenced with Dynamic Drill & Blast Pty Ltd on 11 September 2018, executive service agreement replaced this on 26 July 2020)
- Garret Dixon (appointed 30 June 2020)
- George Garnett (commenced with Dynamic Drill & Blast Pty Ltd on 12 March 2019, letter of appointment replaced this on 30 June 2020)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2021</b>							
<i>Non-Executive Directors:</i>							
Garret Dixon	50,000	-	-	4,750	-	-	54,750
George Garnett	30,000	-	-	2,850	-	-	32,850
<i>Executive Directors:</i>							
Mark Davis	243,688	-	-	23,150	-	28,913	295,751
Matthew Freedman	207,492	-	-	19,712	-	25,299	252,503
	531,180	-	-	50,462	-	54,212	635,854

0% of the above remuneration is related to performance.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2020	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
George Garnett	18,000	-	-	-	-	42,000	60,000
<i>Executive Directors:</i>							
Mark Davis	172,416	-	-	16,380	-	-	188,796
Matthew Freedman	179,909	-	-	17,091	-	-	197,000
	370,325	-	-	33,471	-	42,000	445,796

0% of the above remuneration is related to performance.

### **Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Mark Davis  
Title: Managing Director  
Agreement commenced: 26 July 2020  
Term of agreement: No fixed term  
Details: \$240,000 per annum excluding superannuation

Name: Matthew Freedman  
Title: Executive Director  
Agreement commenced: 26 July 2020  
Term of agreement: No fixed term  
Details: \$210,000 per annum excluding superannuation

Name: Garret Dixon  
Title: Non Executive Chairman  
Agreement commenced: 30 June 2020  
Term of agreement: No fixed term  
Details: \$50,000 per annum excluding superannuation

Name: George Garnett  
Title: Non Executive Director  
Agreement commenced: 30 June 2020  
Term of agreement: No fixed term  
Details: \$30,000 per annum excluding superannuation

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Termination for any other reason will require 3 months notice, or where payment is made in lieu of notice being serviced, 3 months base salary.

### **Share-based compensation**

#### *Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

*Issue of Options*

Details of options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Name	Number of options granted	Grant date	Vesting date	Expiry date	Exercise price	Fair value per option at grant date	Vesting condition
Matthew Freedman	175,000	10/12/2020	10/12/2022	10/12/2023	\$0.74	\$0.156	Employment service until vesting date
Mark Davis	200,000	10/12/2020	10/12/2022	10/12/2023	\$0.74	\$0.156	Employment service until vesting date
Matthew Freedman	262,500	10/12/2020	10/12/2023	10/12/2024	\$0.82	\$0.176	Employment service until vesting date
Mark Davis	300,000	10/12/2020	10/12/2023	10/12/2024	\$0.82	\$0.176	Employment service until vesting date
Matthew Freedman	262,500	10/12/2020	10/12/2023	10/12/2025	\$0.92	\$0.191	Employment service until vesting date
Mark Davis	<u>300,000</u>	10/12/2020	10/12/2023	10/12/2025	\$0.92	\$0.191	Employment service until vesting date
	<u><u>1,500,000</u></u>						

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Matthew Freedman	123,476	-	-	10.00%
Mark Davis	141,115	-	-	10.00%
	<u><u>264,591</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	

***Additional disclosures relating to equity instruments***

The earnings of the consolidated entity for the three years to 30 June 2021 are summarised below:

	2021 \$	2020 \$	2019 \$
Sales revenue	22,508,589	15,213,916	19,068,888
EBITDA	5,042,046	2,218,581	1,473,549
EBIT	2,363,526	435,433	1,263,075
Profit after income tax	1,640,132	434,882	1,526,249

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019
Share price at financial year end (\$)	0.42	-	-
Basic earnings per share (cents per share)	3.07	1.73	6.10
Diluted earnings per share (cents per share)	2.70	1.73	6.10

***Additional disclosures relating to key management personnel***

***Shareholding - ordinary shares***

The number of securities in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<b>Ordinary shares</b>					
Mark Davis	8,333,333	-	-	-	8,333,333
Matthew Freedman	8,333,333	-	-	-	8,333,333
Garret Dixon	-	-	250,000	-	250,000
George Garnett	1,598,614	-	-	-	1,598,614
	<u>18,265,280</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>18,515,280</u>

***Equity Holding - Performance Rights***

The number of unlisted performance rights in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year unvested	Balance at the end of the year vested and exercisable
<b>Performance Rights</b>						
Mark Davis	1,281,220	-	-	-	-	1,281,220
Matthew Freedman	1,281,220	-	-	-	-	1,281,220
George Garnett	215,460	-	-	-	-	215,460
Garret Dixon	500,000	-	-	-	-	500,000
	<u>3,277,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,277,900</u>

### *Equity Holding - Options*

The number of unlisted options in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the  year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year unvested	Balance at the end of the year vested and exercisable
<b>Options</b>						
Mark Davis	1,882,280	800,000	-	-	2,682,280	-
Matthew Freedman	1,882,280	700,000	-	-	2,582,280	-
George Garnett	316,540	-	-	-	316,540	-
Garret Dixon	-	-	-	-	-	-
	<u>4,081,100</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>5,581,100</u>	<u>-</u>

### *Other transactions with key management personnel and their related parties*

The Company had previously entered into loan arrangement with related party transactions on arms' length terms.

The Loan Agreements with Ganan Capital Pty Ltd and JHAC Pty Ltd were repaid during the year ended 30 June 2021, refer to note 32.

	Interest Rate %	Balance 1 July 2020 \$	Additional Borrowing \$	Repayments \$	Balance 30 June 2021 \$
Long Term Loan with Ganan Capital Pty Ltd	5.50%	345,913	-	345,913	-
Short Term Loan with Ganan Capital Pty Ltd	5.50%	500,000	-	500,000	-
Loan with JHAC Pty Ltd	5.50%	33,333	-	33,333	-

***This concludes the remuneration report, which has been audited.***

### **Shares under option**

Unissued ordinary shares of Dynamic Drill and Blast Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
25/06/2020	25/06/2023	\$0.30	5,667,600
25/06/2020	25/06/2023	\$0.30	1,054,500
06/08/2020	06/08/2023	\$0.25	750,000
10/12/2020	10/12/2023	\$0.74	375,000
10/12/2020	10/12/2024	\$0.82	562,500
10/12/2020	10/12/2025	\$0.92	562,500

### **Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Dynamic Drill and Blast Holdings Limited**

**Directors' report**

**30 June 2021**

**Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

**Officers of the company who are former partners of BDO Audit (WA) Pty Ltd**

There are no officers of the company who are former partners of BDO Audit (WA) Pty Ltd.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**Auditor**

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Davis  
Director

27 August 2021

## DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF DYNAMIC DRILL AND BLAST HOLDINGS LIMITED

As lead auditor of Dynamic Drill And Blast Holdings Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Dynamic Drill and Blast Holdings Limited and the entities it controlled during the period.



**Dean Just**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 27 August 2021



## Dynamic Drill and Blast Holdings Limited

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30 June 2021



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### General information

The financial statements cover Dynamic Drill and Blast Holdings Limited as a consolidated entity consisting of Dynamic Drill and Blast Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Dynamic Drill and Blast Holdings Limited's functional and presentation currency.

The consolidated financial statements show the continuing business operations of Dynamic Drill & Blast Pty Ltd.

Dynamic Drill and Blast Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### Registered office

C/O SmallCap Corporate Pty Ltd  
Suite 6  
295 Rokeby Road  
Subiaco WA 6008

#### Principal place of business

54 Achievement Way  
Wangara  
WA 6065

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 August 2021. The directors have the power to amend and reissue the financial statements.

**Dynamic Drill and Blast Holdings Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2021**



	<b>Note</b>	<b>Consolidated 2021 \$</b>	<b>2020 \$</b>
<b>Revenue</b>	4	22,508,589	15,213,916
Other income	5	833,320	323,282
Finance Income		583	192
<b>Expenses</b>			
Operating expenses	6	(7,172,434)	(6,417,629)
Travel & accommodation		(337,454)	(525,569)
Employee benefits expense		(749,010)	(460,149)
Employment Expenses		(8,967,961)	(4,854,263)
Depreciation and amortisation expense		(1,965,026)	(1,539,803)
Provision for Impairment of assets		475,000	(475,000)
Vehicle expenses		(345,409)	(206,072)
Share based payments - employee benefits	40	(54,214)	(42,000)
Other expenses		(1,148,964)	(338,127)
Finance costs		(713,494)	(243,345)
<b>Profit before income tax expense</b>		2,363,526	435,433
Income tax expense	7	(723,394)	(551)
<b>Profit after income tax expense for the year attributable to the owners of Dynamic Drill and Blast Holdings Limited</b>	26	1,640,132	434,882
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of Dynamic Drill and Blast Holdings Limited</b>		<u>1,640,132</u>	<u>434,882</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	39	3.07	1.73
Diluted earnings per share	39	2.70	1.73

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Dynamic Drill and Blast Holdings Limited**  
**Statement of financial position**  
**As at 30 June 2021**



	<b>Note</b>	<b>Consolidated 2021 \$</b>	<b>2020 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	8,750,224	869,986
Trade and other receivables	9	4,067,142	3,898,967
Inventories	10	1,264,678	199,206
Income tax refund due	11	172,490	-
Other	12	264,752	725,765
Total current assets		<u>14,519,286</u>	<u>5,693,924</u>
<b>Non-current assets</b>			
Property, plant and equipment	13	10,369,961	4,643,659
Right-of-use assets	14	833,844	940,355
Other		11,099	3,040
Deferred tax	15	949,510	262,623
Total non-current assets		<u>12,164,414</u>	<u>5,849,677</u>
<b>Total assets</b>		<u>26,683,700</u>	<u>11,543,601</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	2,043,798	2,993,092
Borrowings	17	2,944,549	3,324,590
Lease liabilities	18	534,047	371,388
Employee benefits	19	516,805	376,803
Other		26,054	424,935
Total current liabilities		<u>6,065,253</u>	<u>7,490,808</u>
<b>Non-current liabilities</b>			
Borrowings	21	5,191,372	2,921,455
Lease liabilities	22	396,433	610,412
Deferred tax	23	1,203,253	-
Total non-current liabilities		<u>6,791,058</u>	<u>3,531,867</u>
<b>Total liabilities</b>		<u>12,856,311</u>	<u>11,022,675</u>
<b>Net assets</b>		<u>13,827,389</u>	<u>520,926</u>
<b>Equity</b>			
Issued capital	24	11,595,065	42,306
Reserves	25	113,572	-
Retained profits	26	2,118,752	478,620
<b>Total equity</b>		<u>13,827,389</u>	<u>520,926</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Dynamic Drill and Blast Holdings Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2021**



Consolidated	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2019	306	426,657	426,963
Adjustment for change in accounting policy	-	(382,919)	(382,919)
Balance at 1 July 2019 - restated	306	43,738	44,044
Profit after income tax expense for the year	-	434,882	434,882
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	434,882	434,882
<i>Transactions with owners in their capacity as owners:</i>			
Share-based payments (note 40)	42,000	-	42,000
Balance at 30 June 2020	42,306	478,620	520,926

Consolidated	Issued capital \$	Share based payment reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2020	42,306	-	478,620	520,926
Profit after income tax expense for the year	-	-	1,640,132	1,640,132
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,640,132	1,640,132
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 24)	10,539,435	-	-	10,539,435
Share-based payments (note 40)	-	54,214	-	54,214
Options issued to lead manager	-	59,358	-	59,358
Issue of shares for settlement of borrowings	988,324	-	-	988,324
Contributions of equity received prior to share issue	25,000	-	-	25,000
Balance at 30 June 2021	11,595,065	113,572	2,118,752	13,827,389

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Dynamic Drill and Blast Holdings Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2021**



		<b>Consolidated</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		24,591,273	14,338,952
Payments to suppliers and employees (inclusive of GST)		(22,266,357)	(15,015,910)
		2,324,916	(676,958)
Interest received		583	192
Other revenue		834,341	286,760
Interest and other finance costs paid		(364,614)	(242,201)
Income taxes paid		(172,490)	-
Net cash from/(used in) operating activities	36	2,622,736	(632,207)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(7,268,643)	(4,462,328)
Proceeds from disposal of property, plant and equipment		65,599	45,604
Net cash used in investing activities		(7,203,044)	(4,416,724)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	24	11,204,557	-
Proceeds from issue of shares received in advance		25,000	-
Proceeds of borrowings		5,693,061	4,551,986
(Repayment) of borrowings		(2,109,747)	-
Share issue transaction costs		(856,157)	-
(Repayment) of leases		(494,558)	(1,715,814)
Loans from/(to) related parties		(1,001,610)	333,333
Net cash from financing activities		12,460,546	3,169,505
Net increase/(decrease) in cash and cash equivalents		7,880,238	(1,879,426)
Cash and cash equivalents at the beginning of the financial year		869,986	2,749,412
Cash and cash equivalents at the end of the financial year	8	8,750,224	869,986

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The group is a for profit entity for the purpose of this financial report.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

### **Going Concern**

The Company incurred a profit before tax of \$2,363,526 (2020: \$435,433) during the reporting period ended 30 June 2021, and had a net cash inflow of \$72,622,736 (2020: outflow of \$632,207) from operating activities. Subsequent to year end, the entity successfully raised \$3,795,443 through its capital raise on the ASX.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Dynamic Drill and Blast Holdings Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Dynamic Drill and Blast Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

## **Note 1. Significant accounting policies (continued)**

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### **Revenue recognition**

The consolidated entity recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The consolidated entity provides drilling and blasting services to its customers which typically involves one performance obligation which are satisfied over time.

#### *Rendering of services*

Revenue from a contract to provide services is recognised in the accounting period when services are provided. For contracts that includes schedule of rate fees, revenue is recognised in the amount to which the group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

#### **Note 1. Significant accounting policies (continued)**

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

#### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### **Inventories**

Stock on hand is stated at the higher of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.



## **Note 1. Significant accounting policies (continued)**

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Right-of-use assets that meet the definition of investment property are measured at fair value where the consolidated entity has adopted a fair value measurement basis for investment property assets.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Note 1. Significant accounting policies (continued)**

**Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset using the effective interest rate method.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

### **Note 1. Significant accounting policies (continued)**

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

**Note 1. Significant accounting policies (continued)**

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

**Government Grants**

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met.

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Grants relating to depreciable assets are credited to deferred income and are recognised in profit or loss over the period and in the proportions in which depreciation expense on those assets is recognised.

**Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Dynamic Drill and Blast Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates, as well as the impact of the COVID-19 pandemic and forward looking estimates. Judgement has been exercised in determining nil allowance for expected credit losses.

*Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

*Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation charges for its property, plant and equipment assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Impairment of non-financial assets*

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

## **Note 2. Critical accounting judgements, estimates and assumptions (continued)**

### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

### *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

## **Note 3. Operating segments**

### *Identification of reportable operating segments*

The consolidated entity is organised into one operating segment: Rendering of services. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors.

## **Note 4. Revenue**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Services	<u>22,508,589</u>	<u>15,213,916</u>

### *Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Product type</i>		
Services	<u>22,508,589</u>	<u>15,213,916</u>
<i>Geographical regions</i>		
Western Australia	<u>22,508,589</u>	<u>15,213,916</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>22,508,589</u>	<u>15,213,916</u>

During the year ended 30 June 2021, the consolidated entity derived revenue in excess of 10% of the total revenue of the entity as follows:

**Note 4. Revenue (continued)**

	Revenue for the year ended 30 June 2021 \$	Revenue for the year ended 30 June 2020 \$
Customer		
Galaxy Lithium Australia Ltd	7,488,701	2,262,016
QH & M Birt Pty Ltd	4,265,349	1,942,723
Pilbara Resource Group Pty Ltd	3,608,167	-
Multiplant Holdings	-	2,354,559
Piacentini & Sons	-	6,607,110

**Note 5. Other income**

	<b>Consolidated</b> <b>2021</b> \$	<b>2020</b> \$
Net gain on disposal of property, plant and equipment	(1,021)	36,522
Government grants - COVID-19 related	604,500	228,500
Insurance recoveries	229,841	58,260
Other income	<u>833,320</u>	<u>323,282</u>

**Note 6. Operating expenses**

	<b>Consolidated</b> <b>2021</b> \$	<b>2020</b> \$
Superannuation contributions	623,124	349,777
Rental, rates & maintenance	44,790	14,904
Equipment hire (short term)	695,269	1,162,294
Operating expenses	<u>5,809,251</u>	<u>4,890,654</u>
	<u>7,172,434</u>	<u>6,417,629</u>

**Note 7. Income tax expense**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax expense</i>		
Deferred tax - origination and reversal of temporary differences	723,394	551
Aggregate income tax expense	<u>723,394</u>	<u>551</u>
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 15)	(479,859)	551
Increase in deferred tax liabilities (note 23)	1,203,253	-
Deferred tax - origination and reversal of temporary differences	<u>723,394</u>	<u>551</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	2,363,526	435,433
Tax at the statutory tax rate of 26% (2020: 27.5%)	614,517	119,744
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non deductible items & adjustments	82,509	(13,891)
Recognition of deferred taxes	<u>-</u>	<u>(105,302)</u>
	697,026	551
Prior year temporary differences not recognised now recognised	12,673	-
Adjustment to deferred tax balances as a result of change in statutory tax rate	<u>13,695</u>	<u>-</u>
Income tax expense	<u>723,394</u>	<u>551</u>

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Amounts credited directly to equity</i>		
Deferred tax assets (note 15)	<u>(207,028)</u>	<u>-</u>

**Note 8. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	<u>8,750,224</u>	<u>869,986</u>

**Note 9. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	4,067,126	3,898,951
Other receivables	16	16
	<u>4,067,142</u>	<u>3,898,967</u>



**Note 9. Current assets - trade and other receivables (continued)**

*Allowance for expected credit losses*

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2021	2020	2021	2020	2021	2020
Consolidated	%	%	\$	\$	\$	\$
Not overdue	-	-	4,022,322	3,245,368	-	-
0 to 3 months overdue	-	-	-	474,985	-	-
Over 3 months overdue	-	-	44,820	178,614	-	-
			<u>4,067,142</u>	<u>3,898,967</u>	<u>-</u>	<u>-</u>

**Note 10. Current assets - inventories**

	Consolidated 2021	Consolidated 2020
	\$	\$
Stock on hand - at cost	1,264,678	674,206
Less: Provision for impairment - finished goods	-	(475,000)
	<u>1,264,678</u>	<u>199,206</u>

**Note 11. Current assets - income tax refund due**

	Consolidated 2021	Consolidated 2020
	\$	\$
Income tax refund due	<u>172,490</u>	<u>-</u>

**Note 12. Current assets - other**

	Consolidated 2021	Consolidated 2020
	\$	\$
Prepayments	247,758	696,971
Other deposits	16,994	28,794
	<u>264,752</u>	<u>725,765</u>

**Note 13. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements - at cost	68,756	35,280
Less: Accumulated depreciation	(6,263)	(5,106)
	<u>62,493</u>	<u>30,174</u>
Plant and equipment - at cost	12,063,237	5,071,594
Less: Accumulated depreciation	(2,441,149)	(1,176,579)
	<u>9,622,088</u>	<u>3,895,015</u>
Motor vehicles - at cost	1,212,131	1,119,144
Less: Accumulated depreciation	(526,751)	(400,674)
	<u>685,380</u>	<u>718,470</u>
	<u><u>10,369,961</u></u>	<u><u>4,643,659</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the previous financial year are set out below:

	Leasehold Improvements \$	Plant & Equipment \$	Motor Vehicles	Total \$
Balance as at 1 July 2019	30,951	264,069	363,546	658,566
Additions	-	4,014,520	469,719	4,484,239
Disposals	-	(31,057)	-	(31,057)
Depreciation expense	(777)	(352,517)	(114,795)	(468,089)
Balance as at 30 June 2020	<u><u>30,174</u></u>	<u><u>3,895,015</u></u>	<u><u>718,470</u></u>	<u><u>4,643,659</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

<b>Consolidated</b>	Leasehold Improvements \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2020	30,174	3,895,015	718,470	4,643,659
Additions	33,476	7,026,343	208,824	7,268,643
Disposals	-	(16,497)	(50,123)	(66,620)
Depreciation expense	(1,157)	(1,282,773)	(191,791)	(1,475,721)
Balance at 30 June 2021	<u><u>62,493</u></u>	<u><u>9,622,088</u></u>	<u><u>685,380</u></u>	<u><u>10,369,961</u></u>

**Note 14. Non-current assets - right-of-use assets**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Land and buildings - right-of-use	378,264	59,063
Less: Accumulated depreciation	(76,944)	(50,625)
	<u>301,320</u>	<u>8,438</u>
Plant and equipment - right-of-use	1,231,462	1,953,006
Less: Accumulated depreciation	(698,938)	(1,021,089)
	<u>532,524</u>	<u>931,917</u>
	<u><u>833,844</u></u>	<u><u>940,355</u></u>

The consolidated entity leases land and buildings for its offices and warehouse under agreement of 2 years with options to extend. This lease has various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between 2 to 4 years.

The consolidated entity leases low value equipment under agreements on month to month terms. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Refer to note 25 for further information on the remaining contractual obligations.

**Reconciliations**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & Equipment	Office Premises	Total
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2019	721,544	59,063	780,607
Additions	1,231,462	-	1,231,462
Depreciation expense	(1,021,089)	(50,625)	(1,071,714)
Balance at 30 June 2020	931,917	8,438	940,355
Additions	-	378,265	378,265
Depreciation expense	(399,394)	(85,382)	(484,776)
Balance at 30 June 2021	<u><u>532,523</u></u>	<u><u>301,321</u></u>	<u><u>833,844</u></u>

**Note 15. Non-current assets - deferred tax**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	562,098	19,440
Employee benefits	134,369	103,621
Leases	25,125	11,398
Accrued expenses	4,602	7,700
Prepayments	-	(11,318)
40-880	223,316	1,157
Provision for impairment	-	130,625
Deferred tax asset	<u>949,510</u>	<u>262,623</u>
<i>Movements:</i>		
Opening balance	262,623	263,174
Credited/(charged) to profit or loss (note 7)	479,859	(551)
Credited to equity (note 7)	<u>207,028</u>	<u>-</u>
Closing balance	<u>949,510</u>	<u>262,623</u>

**Note 16. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Trade payables	1,534,766	2,115,373
GST & PAYG payable	443,178	875,808
Other payables	<u>65,854</u>	<u>1,911</u>
	<u>2,043,798</u>	<u>2,993,092</u>

Refer to note 28 for further information on financial instruments.

**Note 17. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Bank loans	2,943,552	1,630,156
Other borrowings	-	1,691,827
Credit Cards	<u>997</u>	<u>2,607</u>
	<u>2,944,549</u>	<u>3,324,590</u>

**Note 18. Current liabilities - lease liabilities**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Lease liability	534,047	371,388

Refer to note 28 for further information on financial instruments.

**Note 19. Current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Annual leave	351,664	225,779
Employee benefits	165,141	151,024
	516,805	376,803

**Note 20. Current liabilities - other**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Wages Payable	8,354	1,308
Accrued expenses	17,700	423,627
	26,054	424,935

**Note 21. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Bank loans	5,191,372	2,921,455

Refer to note 28 for further information on financial instruments.

*Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Bank loans	8,134,924	4,551,611
Other borrowings	-	1,691,827
Credit Cards	997	2,607
	8,135,921	6,246,045

The interest rates and maturity of borrowings is as follows:

**Note 21. Non-current liabilities - borrowings (continued)**

	Balance at 30 June 2021 \$	Interest Rate %	Maturity Date
Bank loan	359,965	6.00%	May 2022
Bank loan	2,187,226	6.00%	June 2023
Bank loan	755,766	4.19%	October 2025
Bank loan	27,737	3.99%	December 2024
Bank loan	90,044	3.89%	December 2025
Bank loan	447,613	3.99%	November 2025
Bank loan	572,727	3.29%	March 2026
Bank loan	1,411,215	3.29%	April 2026
Bank loan	1,055,269	3.29%	April 2026
Bank loan	1,036,050	3.29%	April 2026
Bank loan	75,685	2.89%	March 2022
Bank loan	115,627	1.89%	September 2021
	<u>8,134,924</u>		

*Assets pledged as security*

The loans are secured by first mortgages over the consolidated entity's plant and equipment.

	Balance as at 30 June 2020 \$	Interest Rate %	Maturity Date
Other borrowing	691,827	5.50%	May 2021
Other borrowing	1,000,000	5.50%	September 2020
Bank loan	732,562	6.00%	May 2022
Bank loan	3,185,285	6.00%	June 2023
Bank loan	235,552	4.20%	March 2024
Bank loan	128,357	4.20%	April 2024
Bank loan	64,037	3.65%	April 2023
Bank loan	46,593	4.20%	May 2022
Bank loan	48,481	4.20%	January 2024
Bank loan	110,744	3.90%	November 2020
	<u>6,243,438</u>		

*Assets pledged as security*

The loans are secured by first mortgages over the consolidated entity's plant and equipment.

**Note 22. Non-current liabilities - lease liabilities**

	Consolidated	
	2021	2020
	\$	\$
Lease liability	<u>396,433</u>	<u>610,412</u>

**Note 23. Non-current liabilities - deferred tax**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Property, plant and equipment	1,188,562	-
Prepayments	14,691	-
Deferred tax liability	<u>1,203,253</u>	<u>-</u>
<i>Movements:</i>		
Opening balance	-	-
Charged to profit or loss (note 7)	1,203,253	-
Closing balance	<u>1,203,253</u>	<u>-</u>

**Note 24. Equity - issued capital**

	<b>2021</b>	<b>Consolidated</b>	<b>2021</b>	<b>2020</b>
	<b>Shares</b>	<b>2020</b>	<b>\$</b>	<b>\$</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>68,939,527</u>	<u>25,210,000</u>	<u>11,595,065</u>	<u>42,306</u>
<i>Movements in ordinary share capital for the year ended 30 June 2020.</i>				
Details	Date	Shares	Issue Price	\$
Balance	01/07/2019	30,300		306
Interposition	26/05/2020	24,969,700	\$0.00	-
Share based payments	26/05/2020	<u>210,000</u>	<u>\$0.20</u>	<u>42,000</u>
Balance as at 30 June 2020		<u>25,210,000</u>		<u>42,306</u>

The interposition reflects the 100% acquisition of Dynamic Drill & Blast Pty Ltd, Dynamic Drill and Blast Holdings Limited issued shares to the shareholders of Dynamic Drill & Blast Pty Ltd, in proportion to their original shareholding.

*Movements in ordinary share capital for the year ended 30 June 2021.*

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	25,210,000		42,306
Issue of securities	6 August 2020	25,000,000	\$0.20	5,000,000
Loan conversion	6 August 2020	4,941,622	\$0.20	988,324
Listing costs	6 August 2020	-	\$0.00	(326,461)
Issue of securities	31 May 2021	13,787,905	\$0.45	6,204,557
Issue costs	31 May 2021	-	\$0.00	(338,661)
Funds received for Issue of securities, prior to issue	7 June 2021	<u>-</u>	<u>\$0.00</u>	<u>25,000</u>
Balance	30 June 2021	<u>68,939,527</u>		<u>11,595,065</u>

**Note 24. Equity - issued capital (continued)**

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

**Note 25. Equity - reserves**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Share-based payments reserve	<u>113,572</u>	<u>-</u>

*Movements in reserves*

Movements in each class of reserve during the current financial year are set out below:

<b>Consolidated</b>	<b>Share based payment reserve \$</b>	<b>Total \$</b>
Balance at 1 July 2020	-	-
Issue of unlisted options to lead manager - 06/08/2020	59,358	59,358
Issue of unlisted options to Key Management Personnel - 10/12/2020	<u>54,214</u>	<u>54,214</u>
Balance at 30 June 2021	<u>113,572</u>	<u>113,572</u>



**Dynamic Drill and Blast Holdings Limited**  
**Notes to the financial statements**  
**30 June 2021**

**Note 26. Equity - retained profits**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Retained profits at the beginning of the financial year	478,620	43,738
Profit after income tax expense for the year	1,640,132	434,882
Retained profits at the end of the financial year	<u>2,118,752</u>	<u>478,620</u>

**Note 27. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Note 28. Financial instruments**

***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

***Price risk***

The consolidated entity is not exposed to any significant price risk.

***Interest rate risk***

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

As at the reporting date, the consolidated entity had the following borrowings outstanding:

	<b>2021</b>		<b>2020</b>	
	<b>Weighted average interest rate</b>	<b>Balance</b>	<b>Weighted average interest rate</b>	<b>Balance</b>
<b>Consolidated</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>
Bank loans	4.25%	8,134,924	5.00%	4,551,611
Other borrowings	-	-	5.50%	1,691,827
Net exposure to fair value interest rate risk		<u>8,134,924</u>		<u>6,243,438</u>

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the consolidated entity the bank loans outstanding, totalling \$8,134,924 (2020: \$6,243,438), are principal and interest payment loans. Monthly cash outlays of approximately \$245,300 (2020: \$140,000) per month are required to service the principal interest payments.

## Note 28. Financial instruments (continued)

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

### Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

### Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2021</b>					
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade payables	1,534,766	-	-	-	1,534,766
Other payables	509,032	-	-	-	509,032
<i>Interest-bearing - fixed rate</i>					
Bank overdraft	2,944,550	2,169,490	3,021,882	-	8,135,922
Lease liability	534,047	396,433	-	-	930,480
Total non-derivatives	5,522,395	2,565,923	3,021,882	-	11,110,200

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2020</b>					
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade payables	2,115,373	-	-	-	2,115,373
Other payables	877,719	-	-	-	877,719
<i>Interest-bearing - fixed rate</i>					
Bank loans	1,736,018	3,002,937	90,803	-	4,829,758
Other loans	1,705,221	-	-	-	1,705,221
Lease liability	422,348	641,421	-	-	1,063,769
Total non-derivatives	6,856,679	3,644,358	90,803	-	10,591,840

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

## Note 28. Financial instruments (continued)

### *Fair value of financial instruments*

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## Note 29. Key management personnel disclosures

### *Directors*

The following persons were directors of Dynamic Drill and Blast Holdings Limited during the financial year:

Mark Davis  
Matthew Freeman  
George Garnett  
Garret Dixon

### *Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	531,180	370,325
Post-employment benefits	50,462	33,471
Share-based payments	54,212	42,000
	<u>635,854</u>	<u>445,796</u>

## Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the company:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - BDO Audit (WA) Pty Ltd</i>		
Audit or review of the financial statements	<u>44,630</u>	<u>28,000</u>

## Note 31. Contingent liabilities

The consolidated entity has no contingent liabilities.

## Note 32. Related party transactions

### *Parent entity*

Dynamic Drill and Blast Holdings Limited is the parent entity.

### *Subsidiaries*

Interests in subsidiaries are set out in note 34.

**Note 32. Related party transactions (continued)**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current borrowings:		
Loan from Ganan Capital Pty Ltd (related party of Matthew Freedman)	-	845,914
Loan from JHAC Pty Ltd (related party of George Garnett)	-	33,333

Ganan Capital Pty Ltd is an entity controlled by a relative of Mr Matthew Freedman.

JHAC Pty Ltd is an entity controlled by Mr George Garnett.

The interest paid in relation to loans with related parties is as follows:

	Interest paid for the year ended 30 June 2021 \$	Interest paid for the year ended 30 June 2020 \$
Ganan Capital Pty Ltd	11,706	16,219
JHAC Pty Ltd	549	404
	<u>12,255</u>	<u>16,623</u>

Other than as disclosed above, there were no other transactions with related parties.

**Note 33. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	<u>(635,055)</u>	<u>(32,807)</u>
Total comprehensive income	<u>(635,055)</u>	<u>(32,807)</u>

**Dynamic Drill and Blast Holdings Limited**  
**Notes to the financial statements**  
**30 June 2021**

**Note 33. Parent entity information (continued)**

*Statement of financial position*

	<b>Parent</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Total current assets	10,853,962	573,213
Total assets	11,172,086	585,657
Total current liabilities	131,311	576,158
Total liabilities	131,311	576,158
Equity		
Issued capital	11,595,065	42,306
Share-based payments reserve	113,572	-
Accumulated losses	(667,862)	(32,807)
Total equity	11,040,775	9,499

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Note 34. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2021</b>	<b>2020</b>
		<b>%</b>	<b>%</b>
Dynamic Drill & Blast Pty Ltd	Australia	100.00%	100.00%

**Note 35. Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Dynamic Drill and Blast Holdings Limited successfully completed A\$10 million placement via the issue 22,222,222 ordinary shares, the placement was completed in 2 tranches:

- Issue of 13,787,905 ordinary shares on 31 May 2021 at \$0.45 to raise \$6,204,557
- Issue of 8,434,317 ordinary shares on 9 July 2021 at \$0.45 to raise \$3,795,443

Dynamic Drill and Blast Holdings Limited successfully completed acquisition of Orlando Drilling Pty Ltd on 14 July 2021, the acquisition was funded via a cash payment of A\$4.5 million and an issue of shares as outlined below:

- Issue of 37,500,000 ordinary shares on 14 July 2021

**Dynamic Drill and Blast Holdings Limited**  
**Notes to the financial statements**  
**30 June 2021**

**Note 35. Events after the reporting period (continued)**

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 36. Reconciliation of profit after income tax to net cash from/(used in) operating activities**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the year	1,640,132	434,882
Adjustments for:		
Depreciation and amortisation	1,965,026	1,539,803
Write off of property, plant and equipment	-	475,000
Net loss/(gain) on disposal of non-current assets	1,021	(36,522)
Share-based payments	54,214	42,000
Other	-	(648)
Other expenses - non-cash	220,644	-
Finance costs - non-cash	348,880	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(168,175)	(2,396,355)
Increase in inventories	(1,065,472)	(199,206)
Decrease in deferred tax assets	262,623	-
Decrease/(increase) in prepayments	449,213	(638,952)
(Increase) in tax refund due	(172,490)	-
Increase in other operating assets	(561,105)	(23,135)
Decrease in trade and other payables	(942,248)	(25,006)
Increase in deferred tax liabilities	460,771	-
Increase in employee benefits	140,002	195,381
Increase in other operating liabilities	(10,300)	-
Movement in DTA	-	551
Net cash from/(used in) operating activities	<u>2,622,736</u>	<u>(632,207)</u>

**Note 37. Non-cash investing and financing activities**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Shares issued on conversion of loan	<u>(691,827)</u>	<u>-</u>

**Dynamic Drill and Blast Holdings Limited**  
**Notes to the financial statements**  
**30 June 2021**

**Note 38. Changes in liabilities arising from financing activities**

<b>Consolidated</b>	Bank loans \$	Other borrowings \$	Lease liability \$	Total \$
Balance at 1 July 2019	268,899	1,091,827	91,185	1,451,911
Recognised on adoption of AASB 16	-	-	1,374,968	1,374,968
Additional leases	-	-	1,231,461	1,231,461
Net cash from / (used in) financing activities	4,282,712	602,607	(1,715,814)	3,169,505
Balance at 30 June 2020	4,551,611	1,694,434	981,800	7,227,845
Net cash from / (used in) financing activities	3,583,313	(1,001,610)	(429,585)	2,152,118
Additional leases	-	-	378,265	378,265
Non-cash investing and financing activities	-	(691,827)	-	(691,827)
Balance at 30 June 2021	8,134,924	997	930,480	9,066,401

**Note 39. Earnings per share**

	<b>Consolidated 2021 \$</b>	<b>2020 \$</b>
Profit after income tax attributable to the owners of Dynamic Drill and Blast Holdings Limited	1,640,132	434,882
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	53,369,503	25,210,000
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	7,472,100	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	60,841,603	25,210,000
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	3.07	1.73
Diluted earnings per share	2.70	1.73

**Note 40. Share-based payments**

**Options**

On 10 December 2020 unlisted options were issued to key management personnel and approved by shareholders at a general meeting. The options are issued for nil consideration.

- 200,000 unlisted options exercisable at \$0.74 vesting in 24 months to Jezac Pty Ltd ATF MJAC SIVAD Trust
- 300,000 unlisted options exercisable at \$0.82 vesting in 36 months to Jezac Pty Ltd ATF MJAC SIVAD Trust
- 300,000 unlisted options exercisable at \$0.92 vesting in 36 months to Jezac Pty Ltd ATF MJAC SIVAD Trust
- 175,000 unlisted options exercisable at \$0.74 vesting in 24 months to Rangehill Holdings Pty Ltd ATF the Calypso Family Trust
- 262,500 unlisted options exercisable at \$0.82 vesting in 36 months to Rangehill Holdings Pty Ltd ATF the Calypso Family Trust
- 262,500 unlisted options exercisable at \$0.92 vesting in 36 months to Rangehill Holdings Pty Ltd ATF the Calypso Family Trust

Jezac Pty Ltd ATF MJAC SIVAD Trust is an entity to which Mr Mark Davis has a beneficial interest.

**Note 40. Share-based payments (continued)**

Rangehill Holdings Pty Ltd ATF the Calypso Family Trust is an entity to which Mr Matthew Freedman has a beneficial interest.

Set out below are summaries of the options granted:

2020

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expired / forfeited / other	Balance at the end of the year unvested	Balance at the end of the year vested and exercisable
25/06/2020	25/06/2023	\$0.30	-	5,667,600	-	-	5,667,600	-
25/06/2020	25/06/2023	\$0.30	-	1,054,500	-	-	1,054,500	-

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited / other	Balance at the end of the year unvested	Balance at the end of the year vested and exercisable
25/06/2020	25/06/2023	\$0.30	5,667,600	-	-	-	5,667,600	-
25/06/2020	25/06/2023	\$0.30	1,054,500	-	-	-	1,054,500	-
06/08/2020	06/08/2023	\$0.25	-	750,000	-	-	750,000	-
10/12/2020	10/12/2023	\$0.74	-	375,000	-	-	375,000	-
10/12/2020	10/12/2024	\$0.82	-	562,500	-	-	562,500	-
10/12/2020	10/12/2025	\$0.92	-	562,500	-	-	562,500	-

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

2021

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
06/08/2020	30/07/2023	\$0.20	\$0.25	70.00%	-	0.25%	\$0.079
10/12/2020	10/12/2023	\$0.51	\$0.74	62.50%	-	0.10%	\$0.156
10/12/2020	10/12/2024	\$0.51	\$0.82	62.50%	-	0.10%	\$0.176
10/12/2020	10/12/2025	\$0.51	\$0.92	62.50%	-	0.10%	\$0.191

**Performance Rights**

Set out below are summaries of the performance rights granted:



**Note 40. Share-based payments (continued)**

2020

Grant Date	Expiry Date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited / other	Balance at the end of the year unvested	Balance at the end of the year vested and exercisable
24/06/2020	30/06/2025	\$0.00	-	819,475	-	-	819,475	-
24/06/2020	30/06/2025	\$0.00	-	819,475	-	-	819,475	-
24/06/2020	30/06/2025	\$0.00	-	819,475	-	-	819,475	-
24/06/2020	30/06/2025	\$0.00	-	819,475	-	-	819,475	-

2021

Grant Date	Expiry Date	Exercise price	Balance at start of the year	Granted	Exercised	Expired / forfeited / other	Balance at end of the year unvested	Balance at end of the year vested and exercisable
24/06/2020	30/06/2025	\$0.00	819,475	-	-	-	-	819,475
24/06/2020	30/06/2025	\$0.00	819,475	-	-	-	-	819,475
24/06/2020	30/06/2025	\$0.00	819,475	-	-	-	-	819,475
24/06/2020	30/06/2025	\$0.00	819,475	-	-	-	-	819,475

The Company acknowledges unlisted Options and Performance Rights issued to Founder Shareholders on 24 June 2020. These were not issued in relation to employment and are not considered share based payments.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "Mark Davis", written over a horizontal line.

Mark Davis  
Director

27 August 2021

## INDEPENDENT AUDITOR'S REPORT

To the members of Dynamic Drill And Blast Holdings Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Dynamic Drill And Blast Holdings Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Revenue from contracts with customers

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group generates revenue from the provision of drilling and blasting services. The Group is required to record revenue in accordance with accounting standard AASB 15: <i>Revenue from Contracts with Customers</i> ('AASB 15').</p> <p>The Group's disclosures relating to revenue recognition are included in the summary of accounting policies in Note 1 of the financial report.</p> <p>This was considered a key audit matter given the significance of revenue to the financial report.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>Assessing the Group's revenue recognition policy for compliance with Australian Accounting Standards, in particular AASB 15 <i>Revenue From Contracts With Customers</i>;</li> <li>Selecting a sample of sales transactions around year end to ensure that they have been recognised in the correct accounting period;</li> <li>Selecting a sample of sales transactions during the year ensure that they have been recognised in accordance with AASB 15; and</li> <li>Assessing the adequacy of the related disclosures in Note 1, Note 2 and Note 4 to the financial report.</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Dynamic Drill And Blast Holdings Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a faint, larger 'BDO' watermark.

**Dean Just**

**Director**

Perth, 27 August 2021

The shareholder information set out below was applicable as at 27 August 2021.

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	21	0.01	-	-
1,001 to 5,000	131	0.31	-	-
5,001 to 10,000	88	0.67	-	-
10,001 to 100,000	244	8.46	-	-
100,001 and over	84	90.55	-	-
	<b>568</b>	<b>100.00</b>	<b>-</b>	<b>-</b>
Holding less than a marketable parcel	27	0.00	-	-

**Equity security holders**

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total Shares issued
VALENTINO HOLDING PTY LTD ENRICA FAMILY A/C	12,698,801	11.05
TEMOREX PTY LTD NITRAM FAMILY A/C	11,250,000	9.79
JOEL FRANCIS MCKENNA SKIPWORTH THE TIGERDRILL A/C	11,250,000	9.79
DAVID MATTHEW KINNERSLEY THE MILLIGAN A/C	11,250,000	9.79
JEZAC PTY LTD THE MJAC SIVD A/C	8,333,333	7.25
RANGEHILL HOLDINGS PTY LTD CALYPSO FAMILY A/C	8,333,333	7.25
BAHEN BROS PTY LTD	5,248,864	4.57
GOLDFIRE ENTERPRISES PTY LTD	4,444,444	3.87
TEMBA PITTS INVESTMENTS PTY LTD TEMBA PITTS A/C	3,750,000	3.26
GANAN CAPITAL PTY LTD	2,470,811	2.15
MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN SUPERANNUATION ACCOUNT	1,740,740	1.52
JHAC PTY LTD	1,388,614	1.21
HAMMERHEAD HOLDINGS PTY LTD HHH S/F A/C	1,250,391	1.09
KINGSLANE PTY LTD CRANSTON SUPER PENSION A/C	1,101,112	0.96
OCEAN VIEW WA PTY LTD	1,000,000	0.87
MICKWEND PTY LTD ATF THE TURNER FAMILY TRUST	750,000	0.65
MR DANIEL JOHN BAHEN & MRS LORRAINE MARY BAHEN DANIEL JOHN BAHEN S/F A/C	740,740	0.64
THE STEPHENS GROUP PTY LTD	675,000	0.59
BOTSIS HOLDINGS PTY LTD	650,000	0.57
GRIMALA PTY LTD R PAKER FAM PENS FUND A/C	574,470	0.50
	<b>88,900,653</b>	<b>77.39</b>

*Unquoted equity securities*

	<b>Number on issue</b>
Unlisted Options Ex \$0.25 ex 6 August 2023 - ESCROWED 24 Months	750,000
Unlisted Options Ex \$0.30 ex 25 June 2023 - ESCROWED 12 Months	1,054,500
Unlisted Options Ex \$0.30 ex 25 June 2023 - ESCROWED 24 Months	5,667,600
Unlisted Performance Rights - Class A	819,475
Unlisted Performance Rights - Class B	819,475
Unlisted Performance Rights - Class C	819,475
Unlisted Performance Rights - Class D	819,475
Unlisted Options Ex \$0.74 ex 10 December 2023	375,000
Unlisted Options Ex \$0.82 ex 10 December 2024	562,500
Unlisted Options Ex \$0.92 ex 10 December 2025	562,500

The following persons hold 20% or more of unquoted equity securities:

<b>Holder</b>	<b>Unlisted Options</b>	<b>Unlisted Performance Rights</b>
JEZAC PTY LTD THE MJAC SIVD A/C	2,682,280	1,281,220
RANGEHILL HOLDINGS PTY LTD CALYPSO FAMILY A/C	2,582,280	1,281,220

**Substantial holders**

Substantial holders in the company are set out below:

	<b>Ordinary shares % of total shares issued</b>
<b>Number held</b>	
Laurence Cowley Freedman, Valentino Holdings Pty Ltd ATF the Enrica Family Trust, Ganan Capital Pty Ltd	10,725,168 9.34
Mark Davis, Jezac Pty Ltd ATF MJAC SIVAD Family Trust	8,333,333 7.25
Matthew Freedman, Rangehill Holdings Pty Ltd ATF the Calypso Family Trust	8,333,333 7.25
Tom Bahen, Hammerhead Holdings Pty Ltd (HHH S/F A/C), Bahen Bros Pty Ltd	5,798,864 5.05
Dan Bahen, Blu Bone Pty Ltd, Bahen Bros Pty Ltd	5,498,864 4.79

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

**On Market Buy Back**

There are no current on market buy backs.

**ASX listing Rule 4.10.19**

The Company 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.

**Unmarketable Parcels**

Holdings of less than a marketable parcel of ordinary shares:

Holders: 27

Units: 20,925

**Restricted securities**

<b>Class</b>	<b>Expiry date</b>	<b>Number of shares</b>
Ordinary Shares	6 August 2022	23,173,191