

ASX Announcement

Operations Update & Chief Executive Officer Commences

Dynamic Group Holdings Limited (ASX: DDB) ("Dynamic Group" or the "Company") is pleased to provide an operations update on Dynamic Groups operating business units.

Highlights

- Multiple new contracts awarded to Dynamic Group
 - Drill & Blast contract awarded by a gold producer in the Goldfields region of WA
 - Additional Drill & Blast contract awarded in the Pilbara region of WA on a tier 1 Iron Ore construction project
 - Welldrill secures a contract with OZ Minerals Musgrave Operations Pty Ltd ("OZ Minerals")
- All three of the new contracts awarded to Dynamic Group are for projects based in Western Australia, operated by well renowned and resourced clients
- Estimated additional revenue of between A\$30.5m and A\$32.5m over a twelve-month period
- Chief Executive Officer Geoff Newman has commenced work with the Company

Adding to Dynamic Group's existing portfolio of long-term mining, construction, exploration and water drilling projects, three additional contracts have recently been awarded to both the Welldrill and Dynamic Drill & Blast Pty Ltd ("**Drill & Blast**"):

- Drill & Blast has secured a contract with gold producer Aurene Mt Ida Pty Ltd based in the Goldfields region of Western Australia to deliver drilling and blasting services, resources have recently been mobilised to site, the initial term is six months with an additional extension option.
- Drill & Blast business has also secured an additional project providing construction drilling and blasting services to a tier 1 Iron Ore project in the Pilbara region of Western Australia, Drill & Blast will be a sub-contractor providing services to well-renowned contractor Q.H & M. Birt Pty Ltd, whom the Company has performed services to previously. The project will commence in the first quarter of the 2023 calendar year, for an approximate period of eleven months; and
- Welldrill has been awarded a contract to provide water bore drilling services with Oz Minerals in the Musgrave Province of Western Australia, Welldrill is planning to begin mobilisation in April 2023, for an approximate term of twelve months. This project complements Welldrill's cornerstone long-term contract with a tier 1 Iron Ore producer which has an expanding scope.

ASX Announcement

The Company notes that none of the individual contracts are material on a standalone basis (noting that the value of the individual contracts is commercially sensitive), the combined value of these contracts and scope extensions are estimated to generate between A\$30.5m and A\$32.5m of additional revenue over a twelve-month period.

Covid related personnel issues resulted in drill utilisation being lower than anticipated, impacting the Dynamic Group throughout FY2023 1H, significantly more so than in FY2022 2H. Across the businesses, the Company is pleased with the mitigation of the impacts through the period.

Labour pressures continue to cause margin compression, while the majority of clients are open to renegotiating labour cost related recovery, utilisation has been affected by shortages in skilled labour. Availability of personnel is improving into FY2023 2H, while cost pressures remain in securing suitable skill sets. Contractual mechanisms such as rise and fall provisions help with this through contract terms, albeit in a lagging manner. The Company is working on solutions to this structural issue through the rolling out of technology and training initiatives which the Dynamic Group will be providing an update on in the coming weeks.

Wet weather events in FY2023 1H, throughout multiple regions of operation in Western Australia, along with longer than expected project owner seasonal shutdowns over the Christmas and new year period resulted in lower than expected utilisation across the group - particularly impacting the exploration business, which also had utilisation reduction due to existing customers reducing and terminating short term exploration programs.

FY2023 2H has seen an improvement in group utilisation, and margin recovery across the group, particularly within the exploration business. The Company is confident that existing works programs, bolstered by recent contract awards and subsequent mobilisations places the group in a solid position to generate earnings in a non-linear manner, resulting in margin growth and over-recovery during the middle and later stages of project cycles.

Chief Executive Officer Commences

In addition to the Company's recent contract awards which underpin the group trajectory moving forward, the Company is pleased to advise that group Chief Executive Officer, Mr Geoff Newman has joined the group earlier than anticipated.

Mr Newman has operated at an executive level within the contracting and mining services sector for over 22 years. Most recently Geoff has performed various executive level roles within Emeco Holdings Ltd (ASX: EHL) since 2013. Prior to Mr Newman's time with Emeco, he was CEO of a water drilling business that provided similar services to Dynamic Group's wholly owned Welldrill subsidiary. Mr Newman has also held another executive position within a drilling business.

Mr Newman holds a Bachelor of Engineering (Hons) from the University of Western Australia and has strong commercial acumen complementing his technical and operational skill set.

Mr Newman has held several international and national appointments and has relevant executive positions through growth phases driven organically and via acquisition.

Refer to the Company ASX announcement on 7 December 2022 for the key terms of Mr Geoff Newman's employment.

24 February 2023

ASX Announcement

Dynamic Group Chief Executive Officer Geoff Newman said:

"Bringing my start date forward from the anticipated timing of March 2023 will allow myself and the team to focus on optimising operations and realising available synergies across the group, while identifying growth opportunities and developing strategic plans.

My contracting background provides the platform to draw on previous experience to drive continuous improvement of the Dynamic Group, whilst remaining focussed on creating shareholder value in a safe, efficient and sustainable manner.

We are pleased that our diversified drilling capabilities, experience and proven operational performance is being recognised in securing additional work. Dynamic Group's knowledge across a broad commodity base places us in a strong position for further expansion and contract award."

Dynamic Group continues contract discussions which are at various stages with multiple parties. The Company is experiencing a sustained and strong level of enquiry resulting in a significant pipeline of opportunities for short, medium and long term projects.

-ENDS-

This announcement has been authorised by the Board of Dynamic Group Holdings Limited.

Company Secretary
James Bahen
Dynamic Group Holdings Ltd
info@dynamicdrillandblast.com.au
+61 8 6555 2950

Investor and Media Enquiries:
Matt Freedman
Dynamic Group Holdings Ltd
info@dynamicdrillandblast.com.au
+61 8 6404 2798

About Dynamic Group Holdings Limited

Dynamic Group Holdings Limited (the "Company") is a supplier of various specialised drilling services as well as blasting services to clients in the mining and construction sectors in Western Australia. The Company operates under three entities, Dynamic Drill & Blast Pty Ltd ("Dynamic"), Orlando Drilling Pty Ltd ("Orlando") and Welldrill.

The Company's significant project pipeline is based around medium to long term contracts and has a highly experienced executive management team focused on quality service provision, employee safety and providing solutions.

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

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

Dynamic Drill & Blast Pty Ltd is a supplier of drilling and blasting services to clients in the mining and construction sectors in Western Australia. Dynamic focuses on mining and construction projects within a range of commodity sectors, including iron ore, lithium and gold. Dynamic also undertakes short term specialised drilling and blasting projects.

Orlando Drilling Pty Ltd (is a wholly owned subsidiary of the Company. Orlando is a Western Australian based company providing grade control, exploration and resource definition drilling services to the mining industry since 2007, utilising its fleet of AC, RC and diamond drill rigs and experienced personnel.

Welldrill (consists of two entities: PDC Drilling Pty Ltd; and Delmoss Nominees Pty Ltd) is a wholly owned subsidiary of the Company, providing water related drilling and services.

ASX Announcement

Forward-Looking Statements

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