

# ASX Announcement

8 September 2023



## ANNOUNCEMENT OF CONSIDERATION VWAP

DDH1 Limited (ASX: DDH) ('**DDH1**') refers to the Scheme Booklet registered with the Australian Securities and Investments Commission ('**ASIC**') on 18 August 2023 ('**Scheme Booklet**'), the Supplementary Scheme Booklet registered with ASIC on 6 September 2023 ('**Supplementary Scheme Booklet**') and the proposed scheme of arrangement under which Perenti Limited ('**Perenti**') will acquire all of the issued shares in DDH1. Unless otherwise indicated, capitalised terms used in this announcement have the meaning given to them in the Scheme Booklet.

DDH1 Shareholders should read this announcement in conjunction with the Supplementary Scheme Booklet and the Scheme Booklet, in their entirety, and carefully consider the additional information provided.

### Consideration VWAP and Implications for Scheme Consideration

DDH1 advises that for the purpose of calculating the Scheme Consideration payable to DDH1 shareholders if the Scheme is implemented, the Consideration VWAP is \$1.0480.

Accordingly, the Scheme Consideration will be, for each Scheme Share:

- the **Standard Consideration of 0.6924 New Perenti Shares plus A\$0.1238 cash** (for Scheme Shareholders who elect, or who are deemed to have elected, to receive the Standard Consideration). The Scaleback Arrangements will not affect the Standard Consideration;
- the **Full Cash Consideration of A\$0.8494 cash** (for Scheme Shareholders who elect to receive the Maximum Cash Consideration), subject to the Scaleback Arrangements; or
- the **Full Scrip Consideration of 0.8105 New Perenti Shares** (for Scheme Shareholders who elect to receive the Maximum Scrip Consideration), subject to the Scaleback Arrangements.

For further information regarding how these figures have been calculated, please refer to section 1.3 and Annexure A of the Supplementary Scheme Booklet. Further information regarding the Scaleback Arrangements is also contained below.

The table below illustrates these options, before the operation of any Scaleback Arrangements, based on a value per Perenti Share equal to the Consideration VWAP.

		Standard Consideration	Full Cash Consideration	Full Scrip Consideration
Cash component	\$ / Scheme Share	\$0.1238	\$0.8494	–
Scrip component	Perenti Shares / Scheme Share	0.6924 Perenti Shares	–	0.8105 Perenti Shares
Value of scrip component	\$ / Scheme Share	\$0.7256	–	\$0.8494
<b>Implied value of total consideration</b>	\$ / Scheme Share	<b>\$0.8494</b>	<b>\$0.8494</b>	<b>\$0.8494</b>
DDH1 full year dividend <sup>1</sup>	\$ / DDH1 Share	\$0.0196	\$0.0196	\$0.0196
<b>Total value received</b>	\$ / Scheme Share	<b>\$0.8690</b>	<b>\$0.8690</b>	<b>\$0.8690</b>

### Scaleback Arrangements

The Scaleback Arrangements ensure that to the extent possible, the \$50,010,901.67 Cash Consideration Pool is first shared amongst Scheme Shareholders who have elected to receive the Maximum Cash Consideration (except to the extent applied towards the cash component of the Standard Consideration). Therefore:

- Scheme Shareholders who elect to receive the **Maximum Cash Consideration** will receive the Full Cash Consideration of \$0.8494 cash for each of their Scheme Shares. However, if the Scaleback Arrangements apply, they will receive the Full Cash Consideration for a proportion of their Scheme Shares and the Full Scrip Consideration for the remaining proportion of their Scheme Shares, when the mix of cash and scrip is expressed as an average across a Scheme Shareholders total position the cash proportion will in aggregate be at least as high as if the Scheme Shareholder had elected to receive the Standard Consideration.
- Scheme Shareholders who elect to receive the **Maximum Scrip Consideration** will receive the Full Scrip Consideration of 0.8105 New Perenti Shares for each of their Scheme Shares. However, if the Scaleback Arrangements apply, they will receive the Full Scrip Consideration for a proportion of their Scheme Shares and the Full Cash Consideration for the proportion of their remaining Scheme Shares – when the mix of cash and scrip is expressed as an average across a Scheme Shareholders total position the scrip proportion will in aggregate be at least as high as if the Scheme Shareholder had elected to receive the Standard Consideration.

Now that the Consideration VWAP has been determined, set out below are updated versions of the tables in Annexure A of the Supplementary Scheme Booklet showing the illustrative outcomes for Scheme Shareholders who make a Maximum Cash Consideration Election or Maximum Scrip Consideration Election after the operation of the Scaleback Arrangements, depending on the Consideration Election decisions of Scheme Shareholders as a whole.<sup>2</sup>

Each table illustrates the Scheme Consideration payable to those Scheme Shareholders who make a Maximum Cash Consideration Election or Maximum Scrip Consideration Election respectively under various scenarios, subject to rounding. The tables show (as an average per Scheme Share held) how much cash is received and how much of a New Perenti Share (PS) is received.

For any given cell in the tables below, the sum of the column heading (Maximum Scrip Consideration Elections) and row heading (Maximum Cash Consideration Elections) may not necessarily add to 100%. Any shortfall relates to the percentage of Scheme Shares held by investors electing (or being deemed to elect) to receive the Standard Consideration. For instance, for the cell relating to 30% Maximum Scrip Consideration Elections and 20% Maximum Cash Consideration Elections, the calculations assume that the Standard Consideration will be paid to the holders of the remaining 50% of Scheme Shares.

**Outcome for Scheme Shareholders who make a Maximum Cash Consideration Election under various scenarios**

		% of Scheme Shares elected to receive Maximum Scrip Consideration											
		0%	1.0%	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%	70.0%	80.0%	90.0%	99.0%
% of Scheme Shares elected to receive Maximum Cash Consideration	1.0%	\$0.1238 0.6924 PS	\$0.2476 0.5742 PS	\$0.8494 0.0000 PS									
	10.0%	\$0.1238 0.6924 PS	\$0.1362 0.6806 PS	\$0.2476 0.5742 PS	\$0.3714 0.4561 PS	\$0.4952 0.3380 PS	\$0.6190 0.2199 PS	\$0.7428 0.1017 PS	\$0.8494 0.0000 PS				
	20.0%	\$0.1238 0.6924 PS	\$0.1300 0.6865 PS	\$0.1857 0.6333 PS	\$0.2476 0.5742 PS	\$0.3095 0.5152 PS	\$0.3714 0.4561 PS	\$0.4333 0.3971 PS	\$0.4952 0.3380 PS	\$0.5571 0.2789 PS	\$0.6190 0.2199 PS		
	30.0%	\$0.1238 0.6924 PS	\$0.1279 0.6884 PS	\$0.1651 0.6530 PS	\$0.2063 0.6136 PS	\$0.2476 0.5742 PS	\$0.2889 0.5349 PS	\$0.3301 0.4955 PS	\$0.3714 0.4561 PS	\$0.4127 0.4167 PS			
	40.0%	\$0.1238 0.6924 PS	\$0.1269 0.6894 PS	\$0.1548 0.6628 PS	\$0.1857 0.6333 PS	\$0.2167 0.6038 PS	\$0.2476 0.5742 PS	\$0.2786 0.5447 PS	\$0.3095 0.5152 PS				
	50.0%	\$0.1238 0.6924 PS	\$0.1263 0.6900 PS	\$0.1486 0.6687 PS	\$0.1733 0.6451 PS	\$0.1981 0.6215 PS	\$0.2228 0.5979 PS	\$0.2476 0.5742 PS					
	60.0%	\$0.1238 0.6924 PS	\$0.1259 0.6904 PS	\$0.1444 0.6727 PS	\$0.1651 0.6530 PS	\$0.1857 0.6333 PS	\$0.2063 0.6136 PS						
	70.0%	\$0.1238 0.6924 PS	\$0.1256 0.6907 PS	\$0.1415 0.6755 PS	\$0.1592 0.6586 PS	\$0.1769 0.6417 PS							
	80.0%	\$0.1238 0.6924 PS	\$0.1253 0.6909 PS	\$0.1393 0.6776 PS	\$0.1548 0.6628 PS								
	90.0%	\$0.1238 0.6924 PS	\$0.1252 0.6911 PS	\$0.1376 0.6792 PS									
	99.0%	\$0.1238 0.6924 PS	\$0.1251 0.6912 PS										
100.0%	\$0.1238 0.6924 PS												

**Outcome for Scheme Shareholders who make a Maximum Scrip Consideration Election under various scenarios**

		% of Scheme Shares elected to receive Maximum Scrip Consideration											
		1.0%	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%	70.0%	80.0%	90.0%	99.0%	100.0%
% of Scheme Shares elected to receive Maximum Cash Consideration	0.0%	\$0.1238 0.6924 PS	\$0.1238 0.6924 PS	\$0.1238 0.6924 PS	\$0.1238 0.6924 PS	\$0.1238 0.6924 PS	\$0.1238 0.6924 PS	\$0.1238 0.6924 PS	\$0.1238 0.6924 PS	\$0.1238 0.6924 PS	\$0.1238 0.6924 PS	\$0.1238 0.6924 PS	\$0.1238 0.6924 PS
	1.0%	\$0.0000 0.8105 PS	\$0.0512 0.7616 PS	\$0.0875 0.7270 PS	\$0.0996 0.7155 PS	\$0.1057 0.7097 PS	\$0.1093 0.7062 PS	\$0.1117 0.7039 PS	\$0.1134 0.7023 PS	\$0.1147 0.7010 PS	\$0.1157 0.7001 PS	\$0.1165 0.6994 PS	
	10.0%	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0029 0.8105 PS	\$0.0201 0.8078 PS	\$0.0331 0.7913 PS	\$0.0432 0.7789 PS	\$0.0693 0.7693 PS	
	20.0%	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS		
	30.0%	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS				
	40.0%	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS					
	50.0%	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS						
	60.0%	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS							
	70.0%	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS								
	80.0%	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS									
	90.0%	\$0.0000 0.8105 PS	\$0.0000 0.8105 PS										
99.0%	\$0.0000 0.8105 PS												



## Further Information Regarding Scheme Consideration

Detailed information regarding the Scheme Consideration and the Election mechanism under the Scheme is set out at Section 1.6 of the Scheme Booklet and section 1.3 and Annexure A of the Supplementary Scheme Booklet, which are available for viewing and downloading at DDH1's website <https://ddh1.com.au/investors/> and on DDH1's announcement platform at <https://www.asx.com.au/>.

## DDH1 Directors Continue To Recommend Scheme

The directors of DDH1 and the Independent Board Committee<sup>3</sup> continue to unanimously recommend that DDH1 shareholders vote in favour of the Scheme in the absence of a Superior Proposal (as defined in the Scheme Implementation Agreement) and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of shareholders.<sup>4</sup>

Subject to the same qualifications, each DDH1 Director intends to vote, or cause to be voted, all DDH1 shares held or controlled by them in favour of the Scheme.

## Next Steps

DDH1 shareholders (other than Ineligible Overseas Shareholders) are reminded that the latest time and date for receipt of Consideration Election Forms by the Share Registry is **5:00pm (Perth time) on 12 September 2023**.

DDH1 shareholders may withdraw or amend their Consideration Election by lodging a Consideration Election Amendment / Withdrawal Form in accordance with the instructions specified in the form so that it is received by the Share Registry no later than **5.00pm (Perth time) on 12 September 2023**.

**If you do not submit a Consideration Election form, you will receive the Standard Consideration. If you wish to receive the Standard Consideration you do not need to submit a Consideration Election Form.**

The Scheme Meeting remains scheduled for **1.00pm (Perth time) on 18 September 2023**. DDH1 encourages all shareholders to vote on the Scheme by attending the Scheme Meeting in person or via the online platform. If you cannot attend, you are strongly encouraged to appoint a proxy ahead of the Scheme Meeting.

To be valid, proxies must be received by **1.00pm (Perth time) on 16 September 2023**. Please refer to the Scheme Booklet for additional information regarding the Scheme Meeting, including how to attend and vote at the meeting (including by proxy).

## Further information

If you have any questions about the Scheme, please visit DDH1's website at <https://ddh1.com.au/investors/> or contact the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (Sydney time) Monday to Friday (excluding public holidays).

**This announcement has been approved for lodgement by the Board of Directors of DDH1 Limited.**

## For further information, please contact

### Sy Van Dyk

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### Simon Franich

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## Notes

1. The payment of the DDH1 dividend for the period ended 30 June 2023 is not affected by whether the Scheme is implemented.
2. The tables also take into account Perenti's decision not to pay a dividend in relation to the period ended 30 June 2023 and DDH1's decision to pay a dividend of \$0.0196 per DDH1 Share in relation to the same period.
3. DDH1's Independent Board Committee is comprised of DDH1's three Independent Directors, being Ms Diane Smith-Gander, Ms Andrea Sutton, and Mr Alan Broome, together with the Managing Director & CEO, Mr Sy Van Dyk.
4. When considering the Directors' recommendation, you should note that Mr Sy Van Dyk, Managing Director & CEO of DDH1, will be receiving a benefit if the Scheme proceeds (see Scheme Booklet Section 11.5). As at the date of this announcement, Mr Van Dyk holds 758,202 DDH1 Performance Rights that will, in accordance with the Scheme, vest on or before the Record Date, resulting in the issue of 758,202 DDH1 Shares to Mr Van Dyk (see Scheme Booklet Sections 1.12, 4.5 and 11.1 for further information). As at the date of this announcement, Mr Van Dyk also holds 4,625,000 DDH1 Loan Shares with an outstanding loan balance of \$1,684,954 (see Scheme Booklet Sections 4.6 and 11.1 for further information). In respect of these DDH1 Loan Shares, if the Scheme is implemented, rather than the Scheme triggering repayment of the loan within 3 business days of implementation, it is proposed that Perenti will enter into a DDH1 Loan Share Deed with Mr Van Dyk on substantially the same terms as the existing loan agreement terms (see Scheme Booklet Section 4.6 for further information). In addition, if the Scheme is implemented, it is proposed that Mr Van Dyk and a Perenti Group member enter into an executive services agreement for total remuneration of \$615,292 per annum (inclusive of superannuation) and eligibility to participate in Perenti's Incentive Rights Plan, with a short term incentive opportunity of up to a maximum of 60% of base salary, and a long term incentive opportunity of up to a maximum of 50% of base salary (see Scheme Booklet Section 11.5 and Supplementary Scheme Booklet Section 1.12 for further information). Despite this interest in the outcome of the Scheme, Mr Van Dyk considers that, given the importance of the Scheme, and his role as Managing Director & CEO of DDH1, it is important and appropriate for him to provide a recommendation to DDH1 Shareholders in relation to voting on the Scheme. Additionally, the DDH1 Board (excluding Mr Van Dyk) also considers that it is appropriate for Mr Van Dyk to make a recommendation on the Scheme given his role in the management and operations of DDH1. You should further note when considering this recommendation that, if the Scheme is implemented, Ms Diane Smith-Gander, Chairperson and Independent Non-Executive Director of DDH1, and Ms Andrea Sutton, Independent Non-Executive Director of DDH1, will be appointed as Non-Executive Directors of Perenti on terms consistent with Perenti's existing remuneration policy (see Scheme Booklet Sections 6.3(d) and 11.5 for further information). You should also note when considering this recommendation that Mr Murray Pollock, Non-Executive Director of DDH1, has a Relevant Interest in the DDH1 Shares held by substantial shareholder, Western Alloys Pty Ltd as trustee for the Westall Investment Trust (see Scheme Booklet Sections 4.5 and 11.5 for further information)

## About DDH1 Limited

DDH1 is a quality global drilling company.

The Company has four strong and well-established brands: DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick Mining Services. Together they create a global scale mineral drilling company with operations throughout Australia, North America and Western Europe.

The Company has 195 rigs and one of the top five largest fleets globally (approx. 60% surface and 40% underground). DDH1 maintains a modern fleet with best-in-class technology to deliver optimal productivity, value and safety for clients.

The Company offers a broad range of specialty drilling services across the mining value chain and has a reputation for quality and service delivery. Approximately 80% of DDH1's clients are repeat business.

The Company revenue is predominately derived from the production and resource definition phase, which is less cyclical. DDH1's drilling services are commodity agnostic and it has exposure to a diverse range of commodities including gold, iron ore, nickel, copper and other critical metals. DDH1 has no exposure to coal.

DDH1 prioritises safety and is investing in automation and rigs of the future to minimise perceived high-risk operations and impact on the environment.

The Company has an experienced leadership team and a best-in-class workforce. Together they maintain a quality-focused culture and are driving its organic and inorganic growth strategy for shareholders.

For more information, please visit [www.ddh1.com.au](http://www.ddh1.com.au)