

ASX Announcement

13 September 2023



INDICATIVE SCALEBACK ARRANGEMENTS

DDH1 Limited (ASX: DDH) ('**DDH1**') refers to the Scheme Booklet registered with the Australian Securities and Investments Commission ('**ASIC**') on 17 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.

DDH1 confirms that the Election Date for DDH1 Shareholders (other than Ineligible Overseas Shareholders) to elect to receive the 'Standard Consideration', 'Maximum Cash Consideration' or 'Maximum Scrip Consideration', being 5.00pm (Perth time) on 12 September 2023, has now passed.

Based on the Consideration Elections received, DDH1 expects that:

- the Scaleback Arrangements will apply to the Scheme Shareholders who have elected to receive the Maximum Cash Consideration, with a portion of their Scheme Consideration being in the form of the Full Cash Consideration and the remainder being in the form of the Full Scrip Consideration; and
- the Scaleback Arrangements will not apply to the Scheme Shareholders who have elected to receive the Maximum Scrip Consideration (or the Standard Consideration).

DDH1 Shareholders who made a valid Election to receive the 'Standard Consideration' (or who did not submit a Consideration Election Form and are deemed to have made a valid Election to receive the 'Standard Consideration') will receive the Standard Consideration of 0.6924 New Perenti Shares plus A\$0.1238 cash for each Scheme Share. The Scaleback Arrangements will not affect the Standard Consideration.

Having regard to the Consideration Elections received, DDH1's current estimate as to the composition of the Scheme Consideration under the three Scheme Consideration options (on average across the entirety of a Scheme Shareholder's holding) is set out in the table below. The table also summarises the Consideration Elections received.

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However, given that the buying and selling of DDH1 Shares will continue until the Effective Date, and any DDH1 Shareholders who come onto the DDH1 Share Register after the Election Date will be deemed to have elected to receive the Standard Consideration, the outcome of Consideration Elections and the implications described in this announcement are indicative only. The final outcome will not be known until after the Record Date for the Scheme, which is currently expected to be on 29 September 2023.

	Indicative Scheme Consideration (av. per Scheme Share)	Number of DDH1 Shares to which the Election relates	Number of Electing DDH1 Shareholders
Standard Consideration	0.6924 New Perenti Shares and \$0.1238 cash	350,477,543	3,671
Maximum Cash Consideration	0.5263 New Perenti Shares and \$0.2978 cash	22,234,305	84
Maximum Scrip Consideration	0.8105 New Perenti Shares	31,253,432	136
Total	279,703,472 New Perenti Shares and \$50,010,496 cash	403,965,280	3,891

* All figures are subject to final audit, analysis and calculations. Figures include the DDH1 Shares expected to be issued upon following the vesting of DDH1 Performance Rights after the Scheme becomes Effective, having regard to the Consideration Elections (if any) made by the holders of those DDH1 Performance Rights. Figures for Standard Consideration Elections also include DDH1 Shares held by DDH1 Shareholders expected to be Ineligible Overseas Shareholders, who cannot make a Consideration Election (but who will be treated as though they have elected to receive the Standard Consideration, subject to the nominee sale process described in Section 1.7 of the Scheme Booklet). Total figures do not take into account the effect of rounding at the individual holder level.

Detailed information regarding the Scaleback Arrangements under the Scheme is set out at Section 1.6 of the Scheme Booklet, section 1.3 and Annexure A of the Supplementary Scheme Booklet, and DDH1's announcement to the ASX on 8 September 2023 regarding the Consideration VWAP, 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 Shareholders are reminded that they must consider the contents of the Scheme Booklet and the Supplementary Scheme Booklet in their entirety before deciding how to vote.

Next Steps

The directors of DDH1 and the Independent Board Committee¹ 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.² 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.

The Scheme Meeting will be held at 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).

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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:

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Notes

¹DDH1'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.

²When 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