



Prospectus

Dynamic Drill and Blast Holdings Limited
ACN 640 888 213

For an offer of 25,000,000 Shares at an issue price of \$0.20 each
to raise \$5,000,000 (before costs).

This Prospectus has been issued to provide information on the offer of 25,000,000 Shares to be issued at a price of \$0.20 per Share to raise \$5,000,000 (before costs) (Public Offer).

This Prospectus also incorporates the offer of up to 750,000 Options to be issued to the Lead Manager (or its nominees) in part consideration for capital raising services provided to the Company (Lead Manager Offer).

It is proposed that the Public Offer and Lead Manager Offer (together, Offers) will close at 5.00pm (WST) on 24 July 2020. The Directors reserve the right to close the Offers earlier or to extend this date without notice. Applications must be received before that time.

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this document.

Investment in the Securities offered pursuant to this Prospectus should be regarded as highly speculative in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 4 for a summary of the key risks associated with an investment in the Securities.

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Important Information

Prospectus

This Prospectus is dated, and was lodged with ASIC on 26 June 2020. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with ASIC. No Securities will be issued on the basis of this Prospectus after that expiry date.

Application will be made to ASX within seven days of the date of this Prospectus for Official Quotation of the Shares the subject of the Public Offer.

No person is authorised to give any information or to make any representation in connection with the Offers, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

Electronic Prospectus and Application Forms

This Prospectus will generally be made available in electronic form by being posted on the Company's website at <https://dynamicdrillandblast.com.au/>. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's registered office during the Offer Period by contacting the Company as detailed in the Corporate Directory. The Offers constituted by this Prospectus is only available to persons receiving this Prospectus and relevant Application Form within Australia.

Applications will only be accepted on the relevant Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from <https://dynamicdrillandblast.com.au/>. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to subscribe for Securities under the Offers should complete the relevant Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Offers outside Australia

No action has been taken to register or qualify the Securities the subject of this Prospectus, or the Offer, or otherwise to permit the public offering of the Securities, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Speculative Investment

The Securities offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the Securities offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Securities or that there will be an increase in the value of the Securities in the future.

Prospective investors should carefully consider whether the Securities offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 4 for details relating to the key risks applicable to an investment in the Securities.

Using this Prospectus

Persons wishing to subscribe for Securities offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Securities offered pursuant to this Prospectus. If persons considering subscribing for Securities offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as 'believes', 'estimates', 'expects', 'targets', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 4. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown

endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Third Party Publications

The Industry Overview in Section 3 of this Prospectus includes attributed statements from books, journals and comparable publications that are not specific to, and have no connection with the Company. The authors of these books, journals and comparable publications have not provided their consent for these statements to be included in this Prospectus, and the Company is relying upon ASIC Corporations (Consents to Statements) Instrument 2016/72 for the inclusion of these statements in this Prospectus without such consent having been obtained.

Miscellaneous

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to '\$' or 'A\$' are references to Australian dollars.

All references to time in this Prospectus are references to WST, being the time in Perth, Western Australia, unless otherwise stated.

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 10.



Corporate Directory

Directors

| | |
|------------------|------------------------|
| Mark Davis | Managing Director |
| Matthew Freedman | Executive Director |
| Garret Dixon | Non-Executive Chairman |
| George Garnett | Non-Executive Director |

Company Secretary

James Bahen
Smallcap Corporate Pty Ltd
Suite 1, 295 Rokeby Road
Subiaco WA 6008

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station St
Subiaco WA 6008

Registered Office

c/o - Cooper Partners
'London House' Level 15, 216 St Georges Terrace
Perth WA 6000
Phone: +61 459 332 740
Email: info@dynamicdrillandblast.com.au
Website: dynamicdrillandblast.com.au/

Share Registry*

Automatic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000
Phone (within Australia): 1300 288 664
Phone (outside Australia): +61 2 9698 5414

Principal Place of Business

7 Goongarrie Street
Bayswater WA 6053

Auditor*

BDO Audit (WA) Pty Ltd
38 Station St
Subiaco WA 6008

Lead Manager

JP Equity Partners
Suite 5, 29 The Avenue
Nedlands WA 6009

Proposed Stock Exchange Listing

Australian Securities Exchange (ASX)
Proposed ASX Code: DDB

Lawyers

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
Perth WA 6000

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

Letter from the Chairman

Dear Investor

On behalf of the board of Dynamic Drill and Blast Holdings Ltd (the Company), I am pleased to present this Prospectus and to invite you to become a shareholder in the Company.

The Company owns 100% of the issued capital of Dynamic Drill & Blast Pty Ltd (DDB), an Australian drilling and blasting company founded in October 2011 that provides quality services in the civil and mining industries from full production drilling to specialty blasting.

Since 2011, the Company (through DDB) has focused on providing quality and tailored services to the mining, civil, utility and government industries, through an extensive service offering which includes large production blasts to vibration sensitive and close proximity civil work. The Company prides itself on delivering a high-quality service provision to each client and providing efficient solutions to complex situations. Through its high-quality and diverse service offering, the Company has developed an established and growing quality client base which includes work for project owners such as Rio Tinto, FMG and Galaxy Resources.

In 2018, the Company commenced preparations for a new phase of growth. Key focus areas included strengthening the balance sheet, improving operational efficiencies, attracting strategic and long-term investors, and enhancing business development activities to significantly increase tendering opportunities.

The result of this effort has been a significant transformation in size and scale. Revenue for DDB grew from \$12.97 million in FY18 to \$19.07 million in FY19, with DDB recording a net profit after tax of \$1.53 million in FY19, in what was a difficult operating environment.

Currently, the Company is operating at three Western Australian based projects, one of which is nearing completion. The Company has developed a strong pipeline of tendering

opportunities. Importantly, the majority of these tendered opportunities are medium-to-long term, with the potential to build on the underlying revenue stream.

We are a Western Australian focused business and the outlook for the resource and civil sectors is very exciting.

In 2018-19, Western Australia had 116 high-value, export-oriented mining projects and hundreds of smaller quarries and mines. Western Australia remains one of the top contributors to global commodity supplies, including in 2019 being the world's largest supplier of iron ore and significant suppliers of lithium, gold and nickel.

In the civil sector, the Australian Construction Market Report, from November 2019 highlighted that infrastructure construction activity is expected to grow from \$62 billion in 2018-19 to \$66 billion in 2019-20 and \$68 billion in 2020-21. While we note that this report was published prior to the COVID-19 pandemic, which is likely to have a negative impact on that forecast activity, the effect of that impact is not yet known. We believe that the Australian construction market is an exciting area where our specialty expertise in close proximity blasting can be leveraged.

To date, only one of DDB's soon to be completed projects experienced delays through controls implemented to minimise exposure to COVID-19. While COVID-19 remains a risk to DDB and the industry in general that DDB continues to monitor, it is not currently impacting the Company's material contracts or the number of tendering opportunities available.

The vision, strategy, and growth ambitions of the Company played a key role in attracting me to accept the role as Non-Executive Chairman. I was also excited by the opportunity of working with an experienced and enthusiastic management team, who have been fundamental in growing the Company into the position it finds itself in today.

The purpose of the Public Offer is to raise \$5,000,000 (before associated costs) by the issue of 25,000,000 Shares at an issue price of \$0.20 each. The Lead Manager of the Public Offer is JP Equity Partners (see Section 1.8 for further details).

The proceeds of the Public Offer will be utilised to enable the Company to:

- purchase additional plant and equipment;
- repay existing loans;
- fund working capital and corporate expenses;
- meet the costs of the Public Offer, and
- meet the conditions to apply for Official Quotation of the Shares on the ASX.

This Prospectus contains detailed information about the Public Offer and the current and proposed operations of the Company, as well as

the risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks (detailed in Section 4).

We encourage you to read this Prospectus in its entirety to gain a full understanding of the Company's operations before making an investment decision.

On behalf of my fellow directors and the Dynamic Drill & Blast team, I look forward to welcoming you as a Shareholder should you decide to take up Shares pursuant to the Public Offer.

Yours faithfully



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

Key Offer Details

| Key Details of the Offers ¹ | Shares | Options ² | Performance Rights ³ |
|---|------------|----------------------|---------------------------------|
| Existing Securities | 25,210,000 | 6,722,100 | 3,277,900 |
| Loan Shares ⁴ | 4,941,622 | - | - |
| Shares offered under the Public Offer (at an Offer Price of \$0.20 per Share) | 25,000,000 | - | - |
| Lead Manager Offer ⁵ | - | 750,000 | - |
| Total Securities on issue on completion of the Offers | 55,151,622 | 7,472,100 | 3,277,900 |

Notes:

1. Please refer to Section 1.9 for further details relating to the proposed capital structure of the Company.
2. See Section 8.2 for the terms and conditions of the Options.
3. See Section 8.3 for the terms and conditions of the Performance Rights.
4. 4,941,622 Loan Shares are to be issued in satisfaction of the Long-Term Loan Agreements. See Section 7.10 for further details.
5. 750,000 Options are to be issued to the Lead Manager (or nominees), pursuant to the Lead Manager Mandate (see Section 7.1 for further details). See Section 8.2 for the terms and conditions of the Lead Manager Options.

Indicative Timetable

| Event | Date |
|--|----------------|
| Lodgement of this Prospectus with ASIC | 26 June 2020 |
| Opening Date for the Offers | 4 July 2020 |
| Closing Date for the Offers | 24 July 2020 |
| Issue Date | 31 July 2020 |
| Despatch of holding statements | 3 August 2020 |
| Expected date for quotation on ASX | 20 August 2020 |

Note:

The above dates are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular the Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

Investment Overview

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Securities offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities.

| Topic | Summary | More Information |
|--|--|------------------|
| Introduction | | |
| Who is the Company and what does it do? | <p>Dynamic Drill & Blast Holdings Ltd (ACN 640 888 213) is an Australian drilling and blasting company incorporated on 13 May 2020. The Company owns 100% of the issued capital of Dynamic Drill & Blast Pty Ltd (ACN 153 894 403) (DDB), which was incorporated in October 2011 and provides quality services in the civil and mining industries from full production drilling to specialty blasting.</p> <p>DDB has been providing drill and blast services to major mining companies, contractors and other customers over the last 9 years in Western Australia and the Northern Territory. The business has extensive experience in most areas of drilling and blasting, from large mining production drilling and blasting, to vibration sensitive civil construction works.</p> | Section 2 |
| What is the Company's sources of revenue? | <p>DDB's revenue is generated from different sources. The main sources of revenue for DDB are as follows:</p> <ul style="list-style-type: none"> (a) mine production drilling and blasting for resource extraction - through the supply of labour, drilling equipment and drilling services, explosives equipment and explosive services; and (b) construction project drilling and blasting for mine development purposes – through the supply of labour, drilling equipment and controlled drilling services, explosives equipment, controlled explosive services in close proximity to existing heritage and infrastructure. | Section 2.6 |
| What are the Company's assets and how are the assets funded? | <p>The Company's primary assets are its:</p> <ul style="list-style-type: none"> (a) people, employing approximately 60 personnel who are engaged on a fly in/fly out and drive in/drive out basis for site-based services, as well as its corporate team; (b) drill fleet, comprising 10 drill rigs of various functionality; (c) light vehicle fleet; and (d) ancillary and electrical equipment required for drilling and blasting activities. <p>The drill rig items are funded via a combination of finance lease agreements and chattel mortgages. Three drill rigs are owned outright. Ten of the vehicles in the light vehicle fleet are funded by way of chattel mortgages with the remaining twelve vehicles owned outright.</p> | Section 2.4 |

| Topic | Summary | More Information |
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| What are the Company's expenses? | <p>DDB's material expenses comprise:</p> <ul style="list-style-type: none"> (a) labour costs; (b) equipment financing; (c) supply of explosives; and (d) working capital and corporate expenses. | Section 2.7 |
| What are the Company's key projects? | <p>DDB's key operating projects that DDB currently services are the:</p> <ul style="list-style-type: none"> (a) Mt Cattlin Spodumene Project, owned by Galaxy Resources; (b) Eliwana Rail Project Package, owned by FMG, through which DDB operates as a sub-contractor; and (c) Western Turner Northern Access Road Project, owned by Rio Tinto through which DDB operates as a sub-contractor (nearing completion). <p>Investors are cautioned that the key services contracts are subject to clauses that provide for early termination.</p> <p>In addition to the key marquee contracts, DDB generates revenue from the deployment of assets to other projects of various size and scale.</p> | Section 2.5 and 7 |
| What is the Company's growth strategy? | <p>The Company intends to grow by successfully tendering for new projects. DDB regularly tenders for new projects and its goal is to increase the number and size of projects awarded, while developing and maintaining a desired margin.</p> <p>The Company seeks to maintain relationships with current customers while expanding services across multiple project locations where possible.</p> <p>DDB primarily operates within Western Australia.</p> | Sections 2.8 and 2.9 |
| What are the key dependencies of the Company's business model? | <p>The key factors that the Company will depend on to meet its objectives are:</p> <ul style="list-style-type: none"> (a) the successful completion of the Public Offer; (b) access to ongoing capital requirement for growth; (c) current projects being performed until completion; (d) the conversion of tendered opportunities into the award of contracts; (e) the continued availability of skilled personnel; (f) the continued availability of new and used drilling and ancillary equipment; (g) its ability to continue to fulfil its obligations under its key contracts; and | Section 2.10 |

| Topic | Summary | More Information |
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| | (h) sustained or increasing levels of mining and construction activity within Western Australia, noting that the risks of a contraction of the Western Australian mining sector are set out in Section 4.1(s). | |
| What is the Company's financial position? | Investors should be aware that the Company has previously made losses, which may occur again in the future. A summary of the Company's financial information is included in the Investigating Accountant's Report (included in Annexure A). | Section 6 and Annexure A |
| What is the proposed capital structure of the Company? | Following completion of the Offers under this Prospectus the proposed capital structure of the Company will be as set out in Section 1.9. | Section 1.9 |
| What is the proposed use of funds raised under the Public Offer? | <p>The proceeds of the Public Offer will be utilised to enable the Company to:</p> <ul style="list-style-type: none"> (a) purchase additional plant and equipment; (b) repay debt; (c) fund working capital and corporate overheads; (d) meet the costs of the Public Offer; and (e) meet the conditions to apply for Official Quotation of the Shares on the ASX. <p>See Section 1.7 for further details.</p> | Section 1.7 |
| Summary of key risks | | |
| Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks. The risk factors set out in Section 4, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. | | |
| Future Capital Requirements | <p>The Company may require further financing in the future, in addition to amounts raised pursuant to the Public Offer. Any additional equity financing will be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.</p> <p>The Company has previously made losses, which may occur again in the future. In the event that the Company makes losses in the future and is unable to return to profitability utilising existing funding, it will become reliant on raising funds from investors or lenders in order to continue to fund its operations and to scale growth.</p> <p>Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to</p> | Section 4.1(a) |

| Topic | Summary | More Information |
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| | <p>obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.</p> <p>The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing shareholders will be diluted.</p> | |
| Liquidity | <p>At Admission, the Company expects to have 55,151,622 Shares on issue. The Company expects approximately 23,173,191 Shares to be subject to 24 months escrow and 2,778,053 Shares subject to 12 months escrow in accordance with Chapter 9 of the Listing Rules, which would be equal to approximately 47.1% of the Company's issued capital. This creates a liquidity risk as a large portion of issued capital may not be able to be freely tradable for a period of time. The ability of an investor in the Company to sell their Shares on the ASX will depend on the turnover or liquidity of the Shares at the time of sale. Therefore, investors may not be able to sell their Shares at the time, in the volumes or at the price they desire.</p> | Section 4.1(b) |
| Contract Risk | <p>The operations of the Company will require involvement of a number of third parties including suppliers, manufacturers and customers. With respect to these third parties and despite applying best practice in terms of pre-contracting due diligence, the Company is unable to completely avoid the risk of:</p> <ul style="list-style-type: none"> (a) financial failure or default by a participant in any joint venture to which the Company may become a party; and (b) insolvency, default on performance or delivery by any operators, contractors or service providers. <p>As at the date of this Prospectus, the Company is party to various material contracts for the provision of mining services to parties within the resource and mining industry in Australia.</p> <p>These contracts contain provisions providing for early termination of the contracts (including the contract with Galaxy Lithium, see Section 7.7) upon giving varying notice periods and paying varying termination amounts. The early termination of any of these contracts, for any reason, may mean that the Company will not realise the full value of the contract, which is likely to adversely affect the growth prospects, operating results and financial performance of the Company.</p> <p>There is also a risk that where the Company is engaged by a contractor, the contract between the contractor and project</p> | Section 4.1(c) |

| Topic | Summary | More Information |
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| | owner may terminate for reasons outside of the control of the Company. This may then result in the termination of the contract between the Company and the contractor and the adverse effects noted above. | |
| Cash flow | The Company funds its activities via operating cash flow, short term working capital arrangements and through asset finance. Projects and operations, cash flows and liquidity could be adversely affected if the Company miscalculates the resources, cost or time needed to complete a project, or is unable to receive cash from clients in respect of services rendered on a timely basis. | Section 4.1(d) |
| Ability to win new work | <p>If the Company is unable to establish new customer relationships and win new work and tenders this will adversely affect the Company's growth prospects, operational results and financial performance.</p> <p>Additionally, increased competition and softer market conditions can limit the Company's negotiating power with customers on contract terms where even if the Company is successful in obtaining new contracts and awards, the new contracts may increasingly deviate from the standard terms that the Company seeks to obtain.</p> <p>Additionally, a significant portion of the Company's revenues are subject to short term arrangements which do not provide certainty as to minimum revenues.</p> | Section 4.1(g) |
| Reliance on key personnel and ability to attract and retain skilled workers | <p>The Company's operational success will depend substantially on the continuing efforts of its senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations.</p> <p>Further, the Company relies on its ability to attract, retain, motivate and train highly skilled and qualified employees and contractors. Therefore, if the Company fails to retain existing employees and contractors and recruit and retain additional personnel at appropriate labour costs, this may have an adverse effect on the Company's ability to achieve its forecast earnings. In addition, the shortage of skilled personnel has increased labour costs.</p> | Section 4.1(h) |
| Infectious Diseases Risk | <p>The outbreak of coronavirus disease (COVID-19) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets and share price.</p> <p>The Company's share price may be adversely affected by the economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may</p> | Section 4.1(k) |

| Topic | Summary | More Information |
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| | <p>adversely impact the Company's operations. It could interrupt the Company carrying out its contractual obligations or cause disruptions to supply chains.</p> <p>COVID-19 has caused a delay in the availability of some spare parts for certain of the Company's drill rigs. Such disruptions to the supply chain could have an adverse ability on the Company's ability to maintain its equipment.</p> <p>One of the Company's soon to be completed projects experienced delays through controls implemented to minimise exposure to COVID-19 within onsite accommodation and interstate personnel being restricted through travel bans and quarantine. Due to the above mentioned site access restrictions, the Company has been impacted financially through the delayed receipt of revenue, however the Company has worked with key stakeholders to limit the ongoing financial impact of further unanticipated delays, including standby payment arrangements.</p> <p>Several of the Company material contracts are subject to force majeure clauses, which could be enlivened by the spread of COVID-19 and the associated disruptions to normal economic activity. Subject to their contractual provisions and the particulars of a contract, force majeure clauses enable the non-performing party to escape liability for failing to perform contractual obligations as a result of the force majeure event. The spread of COVID-19 may therefore hamper the ability of the Company to realise contracted revenues from counterparties that seek to rely on such clauses in order to escape liability for non-performance.</p> <p>The Company is not aware of any of its other contracts being materially impacted by COVID-19.</p> <p>DDB qualified for the JobKeeper allowance payments in relation to approximately 30 employees and has received \$180,000 so far with the total remaining expected to be received of approximately \$391,500. The Company believes that it will be adequately funded following the Public Offer and therefore the conclusion of the JobKeeper program will unlikely have a material adverse effect on the business.</p> <p>The Company is mitigating the effects of COVID-19 by conducting regular stocktakes, maintaining key supplier engagement and establishing remote working environments for support staff.</p> | |

| Topic | Summary | More Information |
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| Access to sufficient used and new equipment | <p>The services provided by the Company are dependent on access to used and new mining equipment.</p> <p>In the event that DDB has difficulty in securing adequate supplies of mining equipment at appropriate prices, or if the quality of the equipment is not acceptable or suitable, its ability to perform or commence new projects may be adversely affected. This may have an adverse impact on the financial performance and/or financial position of the Company.</p> | Section 4.1(m) |
| Further risks | <p>For further information on risks specific to the Company, please see Section 4.1. These risks include, amongst other things:</p> <ul style="list-style-type: none"> (a) Competition risk; (b) Insurance risk; (c) Maintenance of key relationships; (d) Litigation; (e) Climate Change; (f) Maintenance of equipment risk; (g) Quality work and delivery; (h) Reputation; (i) Management of growth; (j) Disruption to business operations; (k) Technology and information systems; (l) Liability risk; (m) Unforeseen expenses; and (n) Supply risks and costs. <p>For further information on general risks, please see Section 4.2.</p> | Sections 4.1 and 4.2 |
| Directors, Related Party Interests and Substantial Holders | | |
| Who are the Directors? | <p>The Board of the Company comprises:</p> <ul style="list-style-type: none"> (a) Mr Mark Davis - Managing Director; (b) Mr Matthew Freedman - Executive Director; (c) Mr Garret Dixon - Non-Executive Chairman; and (d) Mr George Garnett - Non-Executive Director. | "Corporate Directory" and Sections 5.1 and 5.2 |
| Who are the key management personnel? | <p>Key management personnel of the Company include:</p> <ul style="list-style-type: none"> (a) Mr Gregg Barnard - proposed chief financial officer; (b) Mr Brad Turner - general manager - operations; and (c) Mr Chris Horrocks - operations manager. | Section 5.3 |
| What benefits are being paid to the Non-Executive Directors? | <p>The Company has entered into separate non-executive director letters of appointment with Mr Garret Dixon and Mr George Garnett.</p> | Section 7.4 |

| Topic | Summary | More Information | | | | | | | | | | | | | | | | | | | | |
|--|---|----------------------|---------------------------------|----------------------|---------------------------------|-------------------------|-----------|-----------|-----------|-------------------------------|-----------|-----------|-----------|---------------------------|---------|---|---------|-----------------------------|-----------|---------|---------|-------------|
| | Pursuant to these letters the Company will pay Mr Dixon \$50,000 and Mr George Garnett \$30,000 (exclusive of superannuation) per annum. | | | | | | | | | | | | | | | | | | | | | |
| What benefits are being paid to the Executive Directors? | <p>DDB has entered into executive employment agreements with Mr Mark Davis and Mr Matthew Freedman , pursuant to which Mr Davis and Mr Freedman will serve as Managing Director and Executive Director of DDB respectively. Messrs Davis and Freedman have also been appointed as Executive Directors of the Company.</p> <p>The remuneration payable to Mr Davis is \$240,000 per annum (excluding superannuation) and the remuneration payable to Mr Freedman is \$210,000 per annum (excluding superannuation).</p> <p>Mr Davis and Mr Freedman may be offered long term incentives through the long term incentive plan or STIs at the sole and absolute discretion of the Company (and subject to any required Shareholder approval).</p> | Sections 7.2 and 7.3 | | | | | | | | | | | | | | | | | | | | |
| What interests do the Directors have in the Securities of the Company? | <p>On Admission, the Directors will hold the following interests:</p> <table><tr><th>Director</th><th>Shares</th><th>Options¹</th><th>Performance Rights²</th></tr><tr><td>Mark Davis³</td><td>8,333,333</td><td>1,882,280</td><td>1,281,220</td></tr><tr><td>Matthew Freedman⁴</td><td>8,333,333</td><td>1,882,280</td><td>1,281,220</td></tr><tr><td>Garret Dixon⁵</td><td>250,000</td><td>-</td><td>500,000</td></tr><tr><td>George Garnett⁶</td><td>1,598,614</td><td>316,540</td><td>215,460</td></tr></table> <p>Notes:</p> <ol style="list-style-type: none">See Section 8.2 for the terms and conditions of the Options.See Section 8.3 for the terms and conditions of the Performance Rights.This comprises 8,333,333 Shares, 1,882,280 Options and 1,281,220 Performance Rights held by Jezac Pty Ltd ATF MJAC SIVAD Trust. Mr Mark Davis is the sole Director of Jezac Pty Ltd and a beneficiary under the MJAC SIVAD Trust.This comprises 8,333,333 Shares, 1,882,280 Options and 1,281,220 Performance Rights held by Rangehill Holdings Pty Ltd ATF the Calypso Family Trust. Mr Matthew Freedman is the sole Director of Rangehill Holdings Pty Ltd and a beneficiary under the Calypso Family Trust.Mr Dixon intends to subscribe for up to 250,000 Shares pursuant to the Public Offer. Mr Dixon also holds 500,000 | Director | Shares | Options ¹ | Performance Rights ² | Mark Davis ³ | 8,333,333 | 1,882,280 | 1,281,220 | Matthew Freedman ⁴ | 8,333,333 | 1,882,280 | 1,281,220 | Garret Dixon ⁵ | 250,000 | - | 500,000 | George Garnett ⁶ | 1,598,614 | 316,540 | 215,460 | Section 5.6 |
| Director | Shares | Options ¹ | Performance Rights ² | | | | | | | | | | | | | | | | | | | |
| Mark Davis ³ | 8,333,333 | 1,882,280 | 1,281,220 | | | | | | | | | | | | | | | | | | | |
| Matthew Freedman ⁴ | 8,333,333 | 1,882,280 | 1,281,220 | | | | | | | | | | | | | | | | | | | |
| Garret Dixon ⁵ | 250,000 | - | 500,000 | | | | | | | | | | | | | | | | | | | |
| George Garnett ⁶ | 1,598,614 | 316,540 | 215,460 | | | | | | | | | | | | | | | | | | | |

| Topic | Summary | More Information | | | | | | | | | | | | | | | |
|--|---|------------------|------------------|-------------|-------------------------------|-----------|------|-------------------------|-----------|------|--------------------------------|------------|------|--------------------|-----------|-----|-------------|
| | <p>Performance Rights held indirectly through Galair Pty Ltd ATF Bunburra Trust of which Mr Dixon is a beneficiary.</p> <p>6. Comprised of 1,598,614 Shares, 316,540 Options and 215,460 Performance Rights indirectly held by JHAC Pty Ltd, of which Mr George Garnett is the sole Director and Prevost & Co Pty Ltd ATF the Prevost & Co Investment Trust (of which Mr George Garnett is the sole Director and Shareholder) is the sole Shareholder.</p> | | | | | | | | | | | | | | | | |
| What important contracts with related parties is the Company a party to? | <p>The Company has entered into the following related party transactions:</p> <ul style="list-style-type: none"> (a) executive services agreements with Mr Mark Davis and Mr Matthew Freedman (refer Sections 7.2 and 7.3); (b) letters of appointment with each of its Directors on standard terms (refer Section 7.4); (c) deeds of indemnity, insurance and access with each of its Directors on standard terms (refer Section 7.5); (d) Long Term Loan Agreement with Ganan Capital Pty Ltd (refer Section 7.10(a)); (e) Letter Deed in relation to the Long Term Loan Agreement (refer Section 7.10(b)); (f) Short Term Loan Agreements with Ganan Capital Pty Ltd and JHAC Pty Ltd (refer Section 7.10(c)); and (g) the Commitment Letter with Mr Laurence Freedman (refer to Section 7.6). | Section 5.8 | | | | | | | | | | | | | | | |
| Who will be the substantial holders of the Company? | <p>Based on the information known as at the date of this Prospectus, on Admission the following persons will have an interest in 5% or more of the Shares on issue:</p> <table> <tr> <th>Name</th><th>Number of Shares</th><th>% of Shares</th></tr> <tr> <td>Matthew Freedman¹</td><td>8,333,333</td><td>15.1</td></tr> <tr> <td>Mark Davis²</td><td>8,333,333</td><td>15.1</td></tr> <tr> <td>Laurence Freedman³</td><td>10,975,168</td><td>19.9</td></tr> <tr> <td>Bahen Bros Pty Ltd</td><td>5,248,864</td><td>9.5</td></tr> </table> <p>Notes:</p> <ol style="list-style-type: none"> This comprises 8,333,333 Shares held by Rangehill Holdings Pty Ltd ATF the Calypso Family Trust. Mr Matthew Freedman is the sole Director of Rangehill Holdings Pty Ltd and a beneficiary under the Calypso Family Trust. Note that Mr Laurence Freedman is not an associate but is the father of Mr Matthew Freedman. | Name | Number of Shares | % of Shares | Matthew Freedman ¹ | 8,333,333 | 15.1 | Mark Davis ² | 8,333,333 | 15.1 | Laurence Freedman ³ | 10,975,168 | 19.9 | Bahen Bros Pty Ltd | 5,248,864 | 9.5 | Section 8.6 |
| Name | Number of Shares | % of Shares | | | | | | | | | | | | | | | |
| Matthew Freedman ¹ | 8,333,333 | 15.1 | | | | | | | | | | | | | | | |
| Mark Davis ² | 8,333,333 | 15.1 | | | | | | | | | | | | | | | |
| Laurence Freedman ³ | 10,975,168 | 19.9 | | | | | | | | | | | | | | | |
| Bahen Bros Pty Ltd | 5,248,864 | 9.5 | | | | | | | | | | | | | | | |

| Topic | Summary | More Information |
|--|--|------------------|
| | <p>2. Comprised of 8,333,333 Shares held by Jezac Pty Ltd ATF MJAC SIVAD Trust. Mr Mark Davis is the sole Director of Jezac Pty Ltd and a beneficiary under the MJAC SIVAD Trust.</p> <p>3. Mr Laurence Freedman is the father of Mr Matthew Freedman (an Executive Director of the Company) but is not an associate of Matthew Freedman (see Section 5.9). Mr Laurence Freedman:</p> <p>(a) is the sole director and controller of Valentino Holdings Pty Ltd, which holds 4,166,667 Shares in the Company;</p> <p>(b) is the sole director and controller of Freeval Pty Ltd, the sole shareholder of Ganan Capital, which, subject to the satisfaction of the Conversion Event, will be issued 2,470,811 Loan Shares; and</p> <p>(c) under the Commitment Letter, intends to subscribe for 4,337,690 Shares under the Public Offer.</p> | |
| What fees are payable to the Lead Manager? | <p>Pursuant to the Lead Manager Mandate, the Company has agreed to pay the Lead Manager (or its nominees):</p> <p>(a) a cash fee equal to 4.5% of the total capital raised by JP Equity Partners under the Public Offer, which does not include funds raised from investors who are already known to the Company or its affiliates that participate in the Public Offer (including the amounts raised under the Commitment Letter);</p> <p>(b) a cash fee equal to 1.5% of the total capital raised pursuant to the Public Offer;</p> <p>(c) for any expenses, including travel, subsistence and goods and services purchased on the Company's behalf, in connection with the Lead Manager Mandate; and</p> <p>(d) 750,000 Lead Manager Options, with an issue price of \$0.0001, an exercise price of \$0.25 per Option and an expiry of 3 years from the date of issue.</p> <p>There is no ongoing retainer or other fees payable to the Lead Manager.</p> | Section 7.1 |
| What interests will the Lead Manager have in the Securities of the Company upon Admission? | <p>The Lead Manager has not participated in a placement of Securities by the Company in the 2 years preceding lodgement of this Prospectus.</p> <p>The Lead Manager intends to subscribe for up to 250,000 Shares under the Public Offer.</p> <p>Based on the information available to the Company as at the date of the Prospectus regarding the intentions of the Lead Manager and its associates in relation to the Offers and assuming:</p> | Section 1.8 |

| Topic | Summary | More Information |
|---|---|--------------------------------|
| | <p>(a) 25,000,000 Shares are issued under the Public Offer;</p> <p>(b) 750,000 Options are issued under the Lead Manager Offer; and</p> <p>(c) the Lead Manager or its associates subscribe for up to 250,000 Shares under the Public Offer,</p> <p>the Lead Manager and its associates will have a relevant interest in 250,000 Shares and 750,000 Options (a percentage Option holding of 10% and a percentage Shareholding of 0.45% at Admission).</p> | |
| What is the Public Offer? | | |
| What is the Public Offer? | This Prospectus invites investors to apply for up to 25,000,000 Shares at an issue price of \$0.20 each to raise up to \$5,000,000 (before associated costs). | Section 1.2 |
| What is the Public Offer Price? | \$0.20 per Share. | Section 1.2 |
| What is the minimum subscription amount under the Public Offer? | The minimum subscription under the Public Offer is \$5,000,000 (before costs) (being 25,000,000 Shares at \$0.20). | Section 1.3 |
| Will the Shares be quoted? | The Company will apply to the ASX for its admission to the Official List within seven days of the date of this Prospectus. | "Corporate Directory" and 1.13 |
| What is the purpose of the Public Offer? | <p>The purpose of this Prospectus is to:</p> <p>(a) raise \$5,000,000 pursuant to the Public Offer (before associated costs of the Offers);</p> <p>(b) meet the conditions to apply for Official Quotation of the Shares on the ASX; and</p> <p>(c) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the Official List.</p> | Section 1.4 |
| What are the conditions of the Offers? | <p>The Offers under this Prospectus are conditional upon the following events occurring:</p> <p>(a) the Company raising the Minimum Subscription under the Public Offer;</p> <p>(b) to the extent required by ASX or the Listing Rules, certain persons entering into a restriction agreement imposing such restriction on trading on the Company's Securities as mandated by the Listing Rules; and</p> <p>(c) ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List.</p> | Section 1.6 |

| Topic | Summary | More Information | | | | | | | | | | | | | | |
|------------------------------------|---|------------------|------|-------------------|--------------|--------------|-------------|--------------|--------------|------------|--------------|-------------------------|---------------|------------------|----------------|------------------------|
| Are there any escrow arrangements? | <p>ASX will classify certain existing Securities on issue in the Company as being subject to the restricted securities provisions of the Listing Rules. Restricted securities would be required to be held in escrow for up to 24 months and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.</p> <p>Prior to the Company's Shares being admitted to quotation on the ASX, the Company will:</p> <ul style="list-style-type: none">(a) enter into restriction deeds with the recipients of Securities restricted for a period of 24 months and any other recipients of Securities as specified by ASX; and(b) provide restriction notices to any recipient of restricted Securities that does not otherwise enter into a restriction deed, <p>in accordance with Chapter 9 of the Listing Rules. The Company will announce to ASX full details (quantity and duration) of any Securities required to be held in escrow.</p> <p>As at the date of this Prospectus the Company expects approximately 23,173,191 Shares, 3,277,900 Performance Rights and 6,417,600 Options to be subject to 24 months escrow from the date of Admission and 2,778,053 Shares and 1,054,500 Options to be subject to 12 months escrow from the date the Securities were issued.</p> | Section 1.19 | | | | | | | | | | | | | | |
| What is the Public Offer period? | <table><tr><th>Event</th><th>Date</th></tr><tr><td>Prospectus Lodged</td><td>26 June 2020</td></tr><tr><td>Opening Date</td><td>4 July 2020</td></tr><tr><td>Closing Date</td><td>24 July 2020</td></tr><tr><td>Issue Date</td><td>31 July 2020</td></tr><tr><td>Holding Statements sent</td><td>3 August 2020</td></tr><tr><td>Expected trading</td><td>20 August 2020</td></tr></table> <p>The above dates are indicative only and may change without notice.</p> | Event | Date | Prospectus Lodged | 26 June 2020 | Opening Date | 4 July 2020 | Closing Date | 24 July 2020 | Issue Date | 31 July 2020 | Holding Statements sent | 3 August 2020 | Expected trading | 20 August 2020 | "Indicative Timetable" |
| Event | Date | | | | | | | | | | | | | | | |
| Prospectus Lodged | 26 June 2020 | | | | | | | | | | | | | | | |
| Opening Date | 4 July 2020 | | | | | | | | | | | | | | | |
| Closing Date | 24 July 2020 | | | | | | | | | | | | | | | |
| Issue Date | 31 July 2020 | | | | | | | | | | | | | | | |
| Holding Statements sent | 3 August 2020 | | | | | | | | | | | | | | | |
| Expected trading | 20 August 2020 | | | | | | | | | | | | | | | |
| Is the Public Offer underwritten? | No, the Public Offer is not underwritten. | Section 1.20 | | | | | | | | | | | | | | |

| Topic | Summary | More Information |
|--|--|---------------------------|
| What is the Lead Manager Offer and what is its purpose? | <p>This Prospectus includes a separate offer of 750,000 unquoted Options to the Lead Manager (or its nominees).</p> <p>The Lead Manager Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale or transfer of any Options, or any Shares issued upon exercise of any Options into Shares, that are issued under the Lead Manager Offer.</p> | Section 1.5 |
| Additional Information | | |
| Will the Company be adequately funded after completion of the Public Offer? | The Board believes that the funds raised from the Public Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus. | Section 1.7 |
| What rights and liabilities attach to the Securities on issue? | The rights and liabilities attaching to the Shares are described in Section 8.1. The rights and liabilities attaching to the Options are described in Section 8.2. The rights and liabilities attaching to the Performance Rights are described in Section 8.3. | Sections 8.1, 8.2 and 8.3 |
| Who is eligible to participate in the Offers? | <p>The Public Offer is open to all investors with a registered address in Australia.</p> <p>Only the Lead Manager (or its nominees) may accept the Lead Manager Offer.</p> | Sections 1.11 and 1.18 |
| How do I apply for Shares under the Public Offer? | <p>Applications for Shares under the Offers can only be made using the relevant Application Form accompanying this Prospectus.</p> <p>Applications under the Public Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 2,500 Shares (\$500).</p> <p>Cheques must be made payable to 'Dynamic Drill and Blast Holdings Limited' and should be crossed 'Not Negotiable'.</p> <p>Investors applying online will be directed to use an online Application Form and make payment by BPAY®.</p> | Section 1.11 |
| What is the allocation policy? | <p>The Directors, in consultation with the Lead Manager, will allocate Shares at their sole discretion with a view to ensuring an appropriate and optimal Shareholder base for the Company going forward. As set out in Section 1.16 and 7.6 and subject to the Company raising the Minimum Subscription, the Company intends to issue all of the Commitment Shares to Mr Laurence Freedman. In making further allocations, the Company will take into consideration the interest from existing Shareholders, strategic mining industry investors and the introduction of new investors.</p> <p>There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which it has applied.</p> | Sections 1.15 and 1.16 |

| Topic | Summary | More Information |
|---|---|---|
| When will I receive confirmation that my Application has been successful? | Holding statements confirming allocations under the Public Offer will be sent to successful Applicants as required by ASX. Holding statements are expected to be issued to Shareholders on or about 3 August 2020. | "Indicative Timetable" |
| What is the Company's dividend policy? | <p>The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.</p> | Section 2.11 |
| How can I find out more about the Prospectus or the Offers? | By speaking to your sharebroker, solicitor, accountant or other independent professional adviser or by contacting the Company at james@smallcapcorporate.com.au. | "Corporate Directory" and Section 1.26. |

1. Details of Offers

1.1 Important Information

This Prospectus contains details of the Offers to apply for Securities in the Company. You are encouraged to:

- (a) read the contents of this Prospectus carefully, including the risk factors in Section 4; and
- (b) obtain independent professional advice from your accountant, lawyer, financial advisor or any other party qualified to provide advice on the contents of this Prospectus.

1.2 Description of the Public Offer

This Prospectus invites investors to apply for 25,000,000 Shares at an issue price of \$0.20 each to raise \$5,000,000 (before associated costs) (Public Offer).

The Shares to be issued pursuant to the Public Offer are of the same class and will rank equally with the existing Shares on issue. The rights and liabilities attaching to the Shares are further described in Section 8.1.

Applications for Shares under the Public Offer must be made on the Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for Shares under the Public Offer should refer to Section 1.11 for further details and instructions. Applications must be for a minimum of 10,000 Shares (or \$2,000).

1.3 Minimum Subscription

The minimum subscription under the Public Offer is \$5,000,000 (before costs) (being 25,000,000 Shares) (Minimum Subscription).

None of the Securities offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within four months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

1.4 Purpose of Prospectus

The purpose of this Prospectus is to:

- (a) raise up to \$5,000,000 pursuant to the Public Offer (before associated costs of the Offers);
- (b) meet the conditions to apply for Official Quotation of the Shares on the ASX; and
- (c) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the Official List.

1.5 Lead Manager Offer

This Prospectus includes a separate offer of 750,000 unquoted Options to the Lead Manager (or its nominees) (Lead Manager Offer).

The Company has agreed to issue Options to the Lead Manager (or its nominees) upon successful completion of the Public Offer as partial consideration for the lead manager services provided in connection with the Public Offer.

The unquoted Options offered to the Lead Manager have an issue price of \$0.0001 per Option, and exercise price of \$0.25 per Option and an expiry date of 3 years from the date of issue (Lead Manager Options). The terms and conditions of the Lead Manager Options are described in Section 8.2. If the Lead Manager Options are exercised, the resultant Shares will be of the same class and will rank equally in all respects with the existing Shares in the Company.

The Lead Manager Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale or transfer of any Options, or any Shares issued upon exercise of any Options into Shares, that are issued under the Lead Manager Offer.

An Application Form in relation to the Lead Manager Offer will be issued to the Lead Manager together with a copy of this Prospectus.

Refer to Section 7.1 for a summary of the Lead Manager Mandate.

1.6 Conditional Offers

The Offers under this Prospectus are conditional upon the following events occurring:

- (a) the Company raising the Minimum Subscription under the Public Offer;
- (b) to the extent required by ASX or the Listing Rules, certain persons entering into a restriction agreement imposing such restriction on trading on the Company's Securities as mandated by the Listing Rules; and
- (c) ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List.

If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Offers in accordance with the Corporations Act.

1.7 Proposed use of Funds

Following the completion of the Offers, it is anticipated that the following funds will be available to the Company:

| Source of funds | \$ |
|---------------------------------|-----------|
| Existing cash as at 31 May 2020 | 773,000 |
| Proceeds from Offers | 5,000,000 |
| Total funds available | 5,773,000 |

The following table shows the intended use of funds for 24 months following admission of the Company to the Official List:

| Use of Funds | \$ | % |
|---|-----------|-------|
| Costs of the Offers ² | 482,000 | 8.4 |
| Purchase of additional plant and equipment ³ | 2,833,000 | 49.1 |
| Repayment of debt ⁴ | 500,000 | 8.7 |
| Working capital/ corporate overheads ⁵ | 1,958,000 | 33.9 |
| Total Funds allocated | 5,773,000 | 100.0 |

Notes:

- Shareholders should note that the above estimate expenditures will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities. Due to market conditions, the development of new opportunities and/or any number of other factors (including the risk factors outlined in Section 4), actual expenditure levels may differ significantly from the above estimates.
- Expenses paid or payable by the Company in relation to the Offers are set out in Section 8.9.
- Further details are set out in Section 2.4(e).
- The Company will pay down a portion of its existing debt under its Short Term Loan Agreements. The terms of the Short Term Loan Agreements are set out in Section 7.10(c).
- Which includes rent, inventory, office expenses, travel, corporate and governance costs, and insurance.

The Board believes that the funds raised from the Public Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.

The use of further equity funding of Share placements will be considered by the Board where it is appropriate to accelerate a specific project or strategy.

Based on the intended use of funds detailed above, the amounts raised pursuant to the Public Offer will provide the Company sufficient funding for 24 months of operations. The Company may require further financing in the future. See Section 4.1(a) for further details about the risks associated with the Company's future capital requirements.

1.8 Key Advisors' interests in securities

JP Equity Partners (also referred to in this Prospectus as the "Lead Manager") has been appointed as Lead Manager to the Public Offer and is a party to the Lead Manager Mandate summarised in Section 7.1.

- (a) Fees payable to the Lead Manager

Pursuant to the Lead Manager Mandate, the Company has agreed to pay the Lead Manager (or its nominees):

- (i) a cash fee equal to 4.5% of the total capital raised by JP Equity Partners, which does not include investors who are already known to the Company or its affiliates, pursuant to the Public Offer (including the amounts raised under the Commitment Letter);
- (ii) a cash fee equal to 1.5% of the total capital raised pursuant to the Public Offer; and
- (iii) reimbursement of expenses, including travel, subsistence and goods and services purchased on the Company's behalf, in connection with the Lead Manager Mandate.

Pursuant to the Lead Manager Mandate, the Company has agreed to issue up to 750,000 Lead Manager Options.

At the date of the Prospectus, the Company has not made any payments to the Lead Manager for services under the Lead Manager Mandate.

(b) Lead Manager's interests in Securities

As at the date of this Prospectus, the Lead Manager and its associates have a relevant interest in nil Securities in the Company.

The Lead Manager intends to subscribe for up to 250,000 Shares under the Public Offer.

Based on the information available to the Company as at the date of the Prospectus regarding the intentions of the Lead Manager and its associates in relation to the Offers and assuming:

- (i) 25,000,000 Shares are issued under the Public Offer;
- (ii) 750,000 Options are issued under the Lead Manager Offer; and
- (iii) the Lead Manager or its associates subscribe for up to 250,000 Shares under the Public Offer,

the Lead Manager and its associates will have a relevant interest in 250,000 Shares and 750,000 Options (a percentage Option holding of 10% and a percentage Shareholding of 1.8% (assuming conversion of all Options held by the Lead Manager) at Admission).

(c) Lead Manager's participation in previous placements

The Lead Manager has not participated in a placement of Securities by the Company in the 2 years preceding lodgement of this Prospectus.

1.9 Capital Structure

On the basis that the Company completes the Offers on the terms in this Prospectus, the Company's capital structure will be as follows:

| | No. of Shares | % of Shares | No of Options | % of Options | Performance Rights |
|----------------------------|-------------------|-------------|--------------------------|--------------|--------------------------|
| Existing Securities | 25,210,000 | 45.7 | 6,722,100 ⁽¹⁾ | 90.0 | 3,277,900 ⁽²⁾ |
| Loan Shares ⁽³⁾ | 4,941,622 | 9.0 | | | |
| Public Offer | 25,000,000 | 45.3 | - | - | - |
| Lead Manager Offer | - | - | 750,000 ⁽⁴⁾ | 10.0 | - |
| Total | 55,151,622 | 100 | 7,472,100 | 100 | 3,277,900 |

Notes:

1. 6,722,100 Options with an exercise price of \$0.30 and an expiry date of 25 June 2023 are on issue to Board members (or their nominees) and existing Shareholders. See Section 8.2 for further details.
2. 3,277,900 Performance Rights have been issued to Board members (or their nominees) in accordance with the terms and conditions set out in Section 8.3.
3. 4,941,622 Loan Shares will be issued in satisfaction of the Long-Term Loan Agreements. See Section 7.10(a) for further details.
4. The Lead Manager Options will be issued under the Lead Manager Offer to JP Equity Partners (or their nominees) at an issue price of \$0.0001 each, with each Option exercisable at \$0.25 each and expiring 3 years from the date of issue. See Section 8.2 for the terms of issue of the Lead Manager Options.

The Company's free float at the time of Admission will be not less than 20%.

1.10 Forecasts

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

1.11 Applications

(a) General

Applications for Securities under the Offers can only be made using the relevant Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the form.

The Offers may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offers or accept late Applications.

No brokerage, stamp duty or other costs are payable by Applicants.

All Application Monies will be paid into a trust account.

An original, completed and lodged Application Form together with payment for the Application Monies (for applications under the Public Offer), constitutes a binding and irrevocable offer to subscribe for the number of Securities specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final. If your cheque or BPAY® payment for the Application Money is different to the amount specified in your Application Form then the Company may accept your Application for the amount of Application Money provided.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

- (i) agrees to be bound by the terms of the relevant Offer;
 - (ii) declares that all details and statements in the Application Form are complete and accurate;
 - (iii) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
 - (iv) authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Securities to be issued to them, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
 - (v) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Securities are suitable for them given their investment objectives, financial situation or particular needs; and
 - (vi) acknowledges that the Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws.
- (b) Applications under the Public Offer
- (i) General

Applications under the Public Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 2,500 Shares (\$500).

(ii) Option 1: Submitting an Application Form with a cheque

Completed Application Forms and accompanying cheques must be received by the Share Registry before 5.00pm WST on the Closing Date by either being delivered to or posted to the following address:

| By Hand | By Post |
|--|--|
| Dynamic Drill and Blast Holdings Limited C/- Automic Group Level 5 126 Phillip Street Sydney NSW 2000 | Dynamic Drill and Blast Holdings Limited C/- Automic Group GPO Box 5193 Sydney NSW 2001 |

Cheques must be made payable to 'Dynamic Drill and Blast Holdings Ltd' and should be crossed 'Not Negotiable'.

(iii) Option 2: Submitting an Application Form and paying with BPAY®

For online applications, investors can apply online with payment made electronically via BPAY®. Investors applying online will be directed to use an online Application Form and make payment by BPAY®. Applicants will be given a BPAY® biller code and a customer reference number (CRN) unique to the online Application once the online Application Form has been completed.

BPAY® payments must be made from an Australian dollar account of an Australian institution. Using the BPAY® details, Applicants must:

- (A) access their participating BPAY® Australian financial institution either via telephone or internet banking;
- (B) select to use BPAY® and follow the prompts;
- (C) enter the biller code and unique CRN that corresponds to the online Application;
- (D) enter the amount to be paid which corresponds to the value of Shares under the online Application Form;
- (E) select which account payment is to be made from;
- (F) schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and
- (G) record and retain the BPAY® receipt number and date paid. Investors should confirm with their Australian financial institution whether there are any limits on the investor's account that may limit the amount of any BPAY® payment and the cut off time for the BPAY® payment.

Investors can apply online by following the instructions at <https://investor.automic.com.au/#/ipo/dynamicdrillandblast> and completing a BPAY® payment. If payment is not made via BPAY®, the Application will be

incomplete and will not be accepted. The online Application Form and BPAY® payment must be completed and received by no later than the Closing Date.

You should be aware that you will only be able to make a payment via BPAY® if you are the holder of an account with an Australian financial institution which supports BPAY® transactions. When completing your BPAY® payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00pm (WST) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY®, and policies with respect to processing BPAY® transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies by BPAY® before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

(c) Applications under the Lead Manager Offer

Only the Lead Manager (or its nominees) may accept the Lead Manager Offer. A personalised application form in relation to the Lead Manager Offer will be issued to the Lead Manager together with a copy of this Prospectus.

Nominal monies are payable for the Lead Manager Options under the Lead Manager Offer.

1.12 CHESS and issuer sponsorship

The Company will apply to participate in CHESS. All trading on the ASX will be settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of existing Shares (where applicable) and the number of new Shares allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

1.13 ASX Listing and Official Quotation

Within seven days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If ASX does not grant permission for Official Quotation within three months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the Shares offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

1.14 Application Monies to be held in trust

Application Monies will be held in trust for Applicants until the allotment of the Shares under the Public Offer. Any interest that accrues will be retained by the Company.

If the Shares to be issued under this Prospectus are not admitted to quotation within a period of three months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) as soon as practicable to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

1.15 Allocation and issue of Shares

The Directors, in consultation with the Lead Manager, will allocate Shares at their sole discretion with a view to ensuring an appropriate and optimal Shareholder base for the Company going forward. As set out in Section 1.16 and Section 7.6 and subject to the Company raising the Minimum Subscription, the Company intends to issue all of the Commitment Shares (defined below) to Mr Laurence Freedman. In making further allocations, the Company will take into consideration the interest from existing Shareholders, strategic mining industry investors and the introduction of new investors.

There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which it has applied. The Company reserves the right to reject any Application or to issue a lesser number of Shares than those applied for. Where the number of Shares issued is less than the number applied for, surplus Application Monies will be refunded (without interest) as soon as reasonably practicable after the Closing Date.

Subject to the matters in Section 1.6, Shares under the Public Offer are expected to be issued on the Issue Date. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares issued under the Public Offer. Applicants who sell Shares before they receive their holding statements do so at their own risk.

1.16 Commitment Letter

The Company and Mr Laurence Freedman have entered into a commitment letter (Commitment Letter) for Mr Laurence Freedman to subscribe for 4,337,690 Shares under the Public Offer, being that number of Shares that will bring his interest in the Company to approximately 19.9% (Commitment Shares). The Commitment Shares under the Commitment Letter will be issued at \$0.20 to raise approximately \$867,538 (before costs).

Mr Laurence Freedman is an existing and long-term substantial Shareholder and the father of Mr Matthew Freedman, an Executive Director of the Company. Mr Laurence Freedman is not an associate of Mr Matthew Freedman, for further information, please see Section 5.9.

Subject to the Company raising the Minimum Subscription, the Company intends to issue all of the Commitment Shares to Mr Laurence Freedman.

1.17 Risks

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the various business segments of the Company. Section 4 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

1.18 Overseas Applicants

No action has been taken to register or qualify the Securities, or the Offers in any jurisdiction outside Australia or otherwise to permit a public offering of the Securities in any jurisdiction outside Australia.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdictions outside Australia, and may only be distributed to persons to whom the Offers may lawfully be made in accordance with the laws of any applicable jurisdiction.

The distribution of this Prospectus in jurisdictions outside Australia, may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of those restrictions. Any failure to comply with the restrictions may constitute a violation of applicable securities laws.

Potential investors should refer to the relevant warning statements below and under 'Important Information' on page ii of this Prospectus. Each Applicant warrants and represents that:

- (a) they are an Australian citizen or resident in Australia, at the time of the application and are not acting for the account or benefit of any person in the United States or any other foreign person; or
- (b) they are an overseas Applicant that complies with all laws of any country relevant to his or her application; and
- (c) they will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from registration under the US Securities Act 1933 as amended, and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

This document does not constitute an offer of Securities in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Securities may not be offered or sold, in any country outside Australia.

1.19 Escrow arrangements

ASX will classify certain existing Securities on issue in the Company as being subject to the restricted securities provisions of the Listing Rules. Restricted securities would be required to be held in escrow for up to 24 months and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

Prior to the Company's Shares being admitted to quotation on the ASX, the Company will:

- (a) enter into restriction deeds with the recipients of Securities restricted for a period of 24 months and any other recipients of Securities as specified by ASX; and
- (b) provide restriction notices to any recipient of restricted Securities that does not otherwise enter into a restriction deed,

in accordance with Chapter 9 of the Listing Rules. The Company will announce to ASX full details (quantity and duration) of any Securities required to be held in escrow.

As at the date of this Prospectus the Company expects approximately 23,173,191 Shares, 3,277,900 Performance Rights and 6,417,600 Options to be subject to 24 months escrow from the date of Admission and 2,778,053 Shares and 1,054,500 Options to be subject to 12 months escrow from the date the Securities were issued.

1.20 Underwriting

The Public Offer is not underwritten.

1.21 Lead Manager

JP Equity Partners has been appointed as Lead Manager to the Public Offer on the terms and conditions summarised in Section 7.1 of this Prospectus.

1.22 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on acquisitions of Shares under the Public Offer.

1.23 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offers in which case the Company will return all Application Monies (without interest) within 28 days of giving notice of their withdrawal.

1.24 Privacy disclosure

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess Applications for Shares, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If you do not provide the information

required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.25 Paper Copies of Prospectus

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the Application Form to investors upon request and free of charge. Requests for a paper copy from should be directed to the Company at james@smallcapcorporate.com.au.

1.26 Enquiries

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Questions relating to the Offers and the completion of an Application Form can be directed to the Company at james@smallcapcorporate.com.au.

2. Company Overview

2.1 Background

The Company was incorporated on 13 May 2020 as the parent company of a wholly owned subsidiary, DDB.

DDB was founded in 2011 and was incorporated on 24 October 2011.

DDB has been providing drill and blast services to major mining companies, contractors and other customers over the last 9 years in Western Australia and the Northern Territory. The business has extensive experience in most areas of drilling and blasting, from large mining production drilling and blasting, to vibration sensitive civil construction works. The business currently employs approximately 60 personnel.

DDB has provided services to such project owners as; Rio Tinto, FMG, Main Roads, Galaxy Resources, Metals X, Alcan, Water Corporation, Atlas Iron, Mt Gibson Iron, and Newmont Corporation and has an extensive list of over 30 successfully completed projects. These services are provided either directly to project owners, or to contractors contracting with the project owners.

2.2 Company and business overview

DDB is a supplier of drilling and blasting services to clients in the mining and construction sectors in Western Australia. DDB has a highly experienced executive management team focused on quality service provision, employee safety and providing solutions. DDB 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.

DDB's significant project pipeline is based around medium to long term contracts. DDB also undertakes short term specialised drilling and blasting projects.

DDB is committed to business and quality management systems that provides 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, DDB has developed comprehensive policies, procedures and processes that aid the safe, effective and efficient provision of services.

2.3 Drilling and blasting services

Drilling and blasting services are utilised in the mining sector for resource extraction and civil construction work such as road, rail, residential and industrial construction.

DDB primarily provides drilling and blasting services required to break rock for excavation. DDB also offers ancillary services within the industries such as blast hole drilling, wall control drilling, depressurisation drilling, probe drilling, equipment hire, labour hire, mining & quarrying blasting services, controlled blasting services, vibration and overpressure monitoring, rock breaking solutions using non-explosive products and explosive storage facilities.

All of the services offered by DDB are carried out on site location as required or requested by its customers.

DDB has built its reputation within the industry as being flexible to customers' needs while offering the technical support required for successfully executing each project.

DDB offers flexibility to customers within the services provided including stand-alone blasting services, labour hire, equipment hire and/or drilling services.

Project owners often prefer to engage specialist drilling and blasting service providers such as DDB to carry out the services rather than complete the drilling and blasting in-house for reasons such as project owners may:

- (a) lack specialist technical experience;
- (b) have capital restraints on purchasing equipment for short term projects; and
- (c) require the additional flexibility to accommodate changes in project requirements that specialist contractors can provide.

2.4 DDB's operating assets

DDB's assets include:

(a) People

The business employs approximately 60 personnel who are engaged on a fly in/fly out and drive in/drive out basis for site-based services. The Company's preference is to engage long term employees and only utilises labour hire to supplement personnel.

The Company's corporate office provides a facility for its managing director, executive director, general manager - operations, human resources manager, health, safety and environment manager, project estimator and purchasing manager, to ensure its site based personnel and customers receive ongoing support in successfully executing each project.

(b) Drill Fleet

- (i) Epiroc T45 long mast top hammer drill rigs;
- (ii) Epiroc T45 short mast top hammer drill rig;
- (iii) Epiroc D65 down hole hammer drill rig;
- (iv) Epiroc T45-11 knuckle boom top hammer drill rigs;
- (v) Atlas Copco F9C top hammer drill rig;
- (vi) Atlas Copco L7 top hammer drill rig; and
- (vii) Spare drill rock hammers.

Seven drill rigs are funded via a combination of finance lease agreements and chattel mortgages. Three drill rigs are owned outright. For further information of the equipment funding refer to Section 7.9.

DDB's current drill fleet consists of Low Hour machines which are in good working order and are maintained through regular servicing while on site and as per the manufacturers' specifications, preventive maintenance is planned and executed during scheduled servicing which is evident in DDB's measured availability on each piece of equipment and is in line with current industry standards.

(c) Light vehicle fleet comprised of units including:

- (i) explosive vehicles;
- (ii) mine site vehicles;
- (iii) crew transport vehicles;
- (iv) fitters vehicles;
- (v) a drill truck; and
- (vi) an on road truck.

The majority of DDB's light vehicle fleet is Low Hour and in good working condition, DDB's light vehicle fleet is maintained through regular servicing as per the manufacturers specifications, preventive maintenance is planned and executed during scheduled servicing which is in line with current industry standards. Ten of the light vehicles are funded by way of chattel mortgages, with the remaining twelve vehicles owned outright.

(d) Ancillary and electrical equipment required for drilling and blasting activities.

(e) The Company intends to apply approximately \$2,833,000 to the purchase of additional plant and equipment to service new contracts as and when won by DDB and in any event intends to expend these funds within 24 months of Admission. As at the date of the Prospectus, the Company is unable to provide a detailed breakdown of how these funds may be applied as the exact amount and nature of the required expenditure will not be known until the contracts are secured. However, the Company will consider adding to its operating assets with purchases including without limitation trucks and light fleet, loaders, drifters, remote firing device sets, drill rigs and containers.

2.5 DDB's current operations

DDB's current key operations are set out below:

| Client | Project | Contract Period |
|--|--|--|
| Galaxy Lithium Australia Ltd, a wholly owned subsidiary of Galaxy Resources Limited (ASX:GXY) | Mt Cattlin Spodumene Project | February 2020 to February 2024 |
| Project owner: Fortescue Metals Group Ltd (ASX:FMG) Contractor: Q H & M Birt Pty Ltd | Eliwana Rail Project Package 3 | March 2020 to approximately 25 October 2020 |
| Project owner: Rio Tinto Limited Contractor: Multiplant Holdings Pty Ltd | Western Turner Northern Access Road Project | Nearing completion |

The key services contracts entered into by DDB are relatively standard across the mining contracting sector and are typically structured as either a schedule of rates or lump sum. Investors are cautioned that there are also early termination and indemnity provisions considered standard for the industry in these contracts. For further information refer to the summary of material contracts in Section 7.

In addition to the key marquee contracts, DDB generates revenue from the deployment of assets to other projects of various size and scale.

2.6 Sources of Revenue

DDB's revenue is generated from different sources. The main sources of revenue for DDB are as follows:

- (i) mine production drilling and blasting for resource extraction - through the supply of labour, drilling equipment and drilling services, explosives equipment and explosive services; and
- (ii) construction project drilling and blasting for mine development purposes - through the supply of labour, drilling equipment and controlled drilling services, explosives equipment, controlled explosive services in close proximity to existing heritage and infrastructure.

2.7 Sources of expenses

DDB's material expenses comprise:

- (a) labour costs;
- (b) equipment financing;
- (c) supply of explosives; and
- (d) working capital and corporate expenses.

Labour costs are anticipated using knowledge of available personnel and general qualitative levels of demand within the industry. Personnel with high demand skill sets are priced with an additional margin.

Equipment financing is negotiated on a medium to long term basis, on the best terms for the Company as available. Rise and fall provisions are included for long term projects if an internal assessment is made that labour or equipment inputs will increase and margin does not allow for movement in market conditions.

DDB manages its exposure to variability in its supply costs through a number of different avenues, predominantly being either through:

- (a) securing the consumables price for the term of the project; or
- (b) adopting a rise and fall formula, which often takes effect on a quarterly or six monthly review, after the initial 12 months of service.

While this strategy aims to mitigate DDB's exposure to increases in the price of consumables, it is not necessarily cost efficient to cover all exposures in each contract.

For further information on supply risks and costs, see Section 4.1(y).

2.8 Strategy

The Company seeks to strengthen its position as a leading and specialised provider of mining services to mid-size mining projects and large construction projects.

The intention of the ASX listing, is to facilitate the continued growth of DDB, by:

- (a) providing additional capital to fund growth and convert tendered opportunities into projects;
- (b) providing better access to capital generally;
- (c) raising the profile and brand name recognition of DDB; and
- (d) for the reasons set out in Sections 2.8(a), 2.8(b) and 2.8(c), improving DDB's appeal to tier one mine owners and contractors.

The Company intends to improve operating margins by acquiring, rather than hiring, of ancillary equipment, and incorporating these units into the core fleet.

The Company has a highly experienced board and executive team that aim to generate opportunities for future growth.

The Company's business development strategy is to engage early with customers, fostering current relationships as well as developing new leads. The Company seeks to build a strong reputation for the specialised provision of drilling and blasting services to continue to build a project pipeline.

2.9 Growth Opportunities

The Company intends to grow by tendering for new projects. DDB regularly tenders for new projects and its goal is to increase the number and size of projects awarded, while developing and maintaining a desired margin.

DDB has a proven ability to convert opportunities when access to equipment financing has been available, but cautions investors that tendering is a competitive process and that there is no guarantees that DDB will be successful in any of its active tenders, or that it will win tenders at a level that provides desired margins.

The capital required to actively pursue and convert new opportunities into awarded projects is the key enabler of growth for DDB, and is a key driver of the Company's proposed Public Offer. While the Company, at the conclusion of the Public Offer, will have sufficient working capital to achieve its objectives and has allocated capital towards the acquisition of equipment and working capital for new projects, in the event that it is successful in obtaining large new projects with funding requirements that exceed the use of funds set out in Section 1.7, it may consider raising further funds through debt, equity, or a combination of debt and equity.

The Company seeks to maintain relationships with current customers while expanding services across multiple project locations where possible. The provision of construction services provides the opportunity to demonstrate capability to large mining and construction groups with multiple project portfolios.

Currently, DDB primarily operates within Western Australia and when appropriate opportunities are uncovered there is a capability to expand operations into other geographical regions within Australia.

2.10 Key dependencies of the business model

The key factors that the Company will depend on to meet its objectives are:

- (a) the successful completion of the Public Offer;
- (b) access to ongoing capital requirement for growth;
- (c) current projects being performed until completion;
- (d) the conversion of tendered opportunities into the award of contracts;
- (e) the continued availability of skilled personnel;
- (f) the continued availability of new and used drilling and ancillary equipment;
- (g) its ability to continue to fulfil its obligations under its key contracts; and
- (h) sustained or increasing levels of mining and construction activity within Western Australia, noting that the risks of a contraction of the Western Australian mining sector are set out in Section 4.1(s).

2.11 Dividend policy

The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

3. Industry Overview

3.1 Introduction

DDB operates within the Western Australian mining services and construction industry. The drilling and blasting services provided by DDB focus on production for mining and quarrying sectors, as well as construction projects within the civil sector.

Drilling and blasting services within Western Australia are generally performed by one of the following:

- (a) specialised drill and blast providers, such as DDB, who provide services directly to a project owner or as a sub-contractor to diversified head contractors;
- (b) mining and civil contractors who provide a diversified offering, including drilling and blasting services; and
- (c) miners and project owners that self-perform their own drilling and blasting, utilising their own teams and or equipment, which at times may supplement their internal capabilities utilising specialised or diversified providers of personnel and equipment as and when necessary.

Production drilling and blasting demand is linked to mining activity within the region, while demand for construction drilling and blasting services is generally linked to increases in levels of mining activity.

3.2 Market for Drilling and Blasting Services

- (a) Production and Exploration Market

In 2018-19, Western Australia had 116 high-value, export-oriented mining projects and hundreds of smaller quarries and mines. In the same period Western Australia's most valuable commodity mined was iron ore, accounting for 76 percent of mineral sales in Western Australia.

DDB is well positioned to provide construction services to iron ore project related works, as is evident in works currently being provided to FMG. Multiple iron ore linked projects are being targeted.

Annual gold sales from Western Australia reached an all-time high of \$13.8 billion in 2019 on the back of record annual average Australian dollar gold price and an increase in volumes to their highest level in more than two decades. DDB has successfully executed a number of gold projects through providing drilling and blasting services including technical support to maximise ore recovery throughout the goldfields region of Western Australia.

Western Australia remains one of the world's top contributors to global commodity supplies and in 2019 was the world's largest supplier of iron ore and lithium, and was amongst the top five jurisdictions for the production of gold and other resources.

DDB has current exposure to lithium and iron ore, and is actively pursuing gold projects.

Western Australia's mineral exploration spending increased to \$1.7 billion in 2019 from \$1.3 billion in 2018, with its share of Australia's mineral exploration expenditure rising to 62 percent in 2019. A rise in activity within the exploration sector generally leads to a rise in the development of new projects and/or the expansion of existing mining projects,

subject to the sustained demand for the relevant minerals. Drilling and blasting services such as those provided by DDB are often utilised by project owners once explored mineral resources have been “proven up” for production mining to help extract the projects resource. However, the services may be required earlier in the project development stage, for example to assist with the construction of development roads or to assist with other parts of the infrastructure construction stage.

Investors should note that the above figures are based on numbers that were released prior to the COVID-19 pandemic, which will likely have a negative impact on the forecast activity. The current extent of this negative impact on the industry is not yet known.

(b) Mining Services and Construction Market

The Australian mining services and construction sector activity is closely tied to new mining activity, as well as the expansion of existing operations and related infrastructure.

Within Western Australia there is significant capital being committed to the expansion of existing iron ore mines within the Pilbara region, as well as gold projects throughout the state.

Western Australia's major iron ore producers have approved a number of new projects recently to sustain supply and product quality. These include BHP's South Flank project, Rio Tinto's Koodaideri project and Fortescue Metals Group's Eliwana and Iron Bridge Stage 2 projects. Western Australia's expenditure on iron ore exploration also grew by 16 per cent to \$337 million in 2019.

The below table demonstrates the level of capital expenditure committed by the sector in Western Australia:

| Major iron ore projects | | | | | |
|---|-----------------------------|--------------------------|-------|---------------------|----------|
| Operator | Mine/deposit | Capex (\$m) ¹ | Mtpa | Fe (%) ² | Start-up |
| Major operating: | | | | | |
| Rio Tinto | Mt Tom Price | n.a. | 40 | 62 | 1966 |
| BHP | Newman | n.a. | 100 | 62 | 1969 |
| Rio Tinto | Robe River - Pannawonica | n.a. | 35 | 57 | 1974 |
| BHP | Yandi | n.a. | 80 | 58 | 1992 |
| Rio Tinto | Yandicoogina | n.a. | 50 | 59 | 1998 |
| Rio Tinto | Robe River - West Angelas | 1,700 | 35 | 62 | 2002 |
| BHP | Mining Area C | 3,000 | 60 | 62 | 2003 |
| Rio Tinto | Nammuldi | n.a. | 60 | 62 | 2006 |
| Rio Tinto | Hope Downs | 3,400 | 45 | 61 | 2007 |
| FMG | Chichester Hub | 8,800 | 100 | 58 | 2008 |
| Recently completed: | | | | | |
| FMG | Solomon Hub | 9,600 | 70 | 58 | 2013 |
| Gindalbie | Karara* | 2,600 | 8-16 | 66 | 2013 |
| CITIC Pacific | Sino Iron* | 12,000 | 24 | 66 | 2013 |
| BHP | Jimblebar | 3,800 | 35-55 | 63 | 2013 |
| Rio Tinto | Nammuldi (Expansion) | 2,200 | 10-20 | 62 | 2014 |
| Hancock Pros. | Roy Hill | 13,700 | 55-60 | 61 | 2015 |
| Rio Tinto | Silvergrass | 338 | 10-20 | 62 | 2017 |
| Mt Gibson | Koolan Island (Restart) | 97 | 5 | 65 | 2019 |
| Under construction or committed: | | | | | |
| Rio Tinto | Billiard South | 118 | n.a. | 59 | 2019 |
| BHP | Port Hedland Tug Haven | 280 | n.a. | n.a. | 2019 |
| FMG | Eliwana | 1,700 | 30 | 60 | 2020 |
| Rio Tinto | Dampier Port Upgrades | 70 | n.a. | n.a. | 2020 |
| BHP | South Flank | 4,700 | 80 | 62 | 2021 |
| Rio Tinto | Robe Valley Mesa B,C & H | 1,300 | n.a. | 62 | 2021 |
| Rio Tinto | West Angelas Deposits C & D | 800 | n.a. | 62 | 2021 |
| Rio Tinto | Koodaideri | 3,500 | 43-70 | 60 | 2021 |
| FMG | Iron Bridge Stage 2* | 3,700 | 22 | 67 | 2022 |
| FMG | Queens Valley (Solomon Hub) | 400 | n.a. | 58 | 2022 |

n.a. – not available or not applicable. * Magnetite. ¹ Includes mines, and rail and port infrastructure. ² Product grade if available, otherwise reserve grade for direct shipping ores. Source: S&P Global Market Intelligence; and company announcements, reports and presentations.

Source: Government of Western Australia, Department of Jobs, Tourism, Science and Innovation,

'Western Australia Iron Ore Profile May 2020' <https://www.jtsi.wa.gov.au/docs/default->

source/default-document-library/wa-iron-ore-profile-0520.pdf?sfvrsn=4795711c_4 The author has not provided its consent for this statement to be included in the Prospectus.

The result of such commitment to this expansion requires mining and construction services, including drilling and blasting.

When looking at Australian major projects committed by commodity group as at October 2019, iron ore accounts for 25% and gold 10%. DDB has significant experience in both these commodity groups, and intends to position itself to be able to tender for opportunities that may be generated in these sectors. However there is no guarantees DDB will win new work (see risk contained in Section 4.1(g)).

In addition to mining related production and construction projects, the civil industry continues to require drilling and blasting services. The Australian Construction Market Report, from November 2019, outlines that infrastructure construction activity is expected to return to growth in line with expanded plans and programs, raising work done to \$66 billion in 2019-20 and \$68 billion in 2020-21. Investors should note that the above figures are based on numbers that were released prior to the COVID-19 pandemic, which will likely have a negative impact on the forecast activity. The current extent of this negative impact on the industry is not yet known.

DDB are well positioned to continue to pursue construction projects, with an extensive history of providing such services in the past.

3.3 Competition in the Drilling and Blasting Services Sector

The process of converting opportunities into contracts within the mining services space is competitive. In addition to pricing, project owners are likely to consider factors such as safety, demonstrated capability, a counterparty's financials, brand name recognition, and other qualitative elements.

There are a number of companies providing services to the markets in which the Company operates and seeks to operate. The Company's competitors are a mix of private companies and public companies. These competitors are a mixture of diversified service providers and specialist service providers.

The Company understands that some large iron ore companies have in-house teams however they still rely heavily on contractors to support their operations to achieve their production goals and commitments.

Competition effects the pricing structures in many ways which include reduced margins, skilled labour shortages, a rise in wages, reduced ability to hire equipment for short term projects and a general rise in operating costs such as consumables.

3.4 Industry Constraints

The main constraints within the drilling and blasting industry is the lack of skilled labour available to secure. The skilled labour shortage also contributes to rise in wages throughout the industry which can affect the direct costs to execute the project in the mining, quarry and civil engineering industries.

Whether price variability is passed on to project owners or worn by service providers depends on the contract. If a rise and fall clause is provided for within a contract, the selling price will eventually be passed on based on the mechanism on a periodical basis. If this mechanism is not in

place, service providers wear the cost. Fixed and variable contract commercials help to mitigate this risk.

3.5 Industry success factors

Key success factors for participants in the mining services industry include, without limitation:

- (a) access to highly skilled workforce - companies that retain experience and well trained employees are more likely to fulfil customer expectations, gain repeat customers and build a reputation as a reliable service provider;
- (b) proximity to key markets - companies that are located proximate to where their services are required benefit from increased their visibility and response times, particularly in rural and isolated areas of Western Australia; and
- (c) innovation and technology – companies that can offer technology within their fleet are more likely to fulfil customer expectations through providing real-time data and an increase in resource recovery.

4. Risk Factors

As with any share investment, there are risks involved. This Section identifies the major areas of risk associated with an investment in the Company but should not be taken as an exhaustive list of the potential risk factors to which the Company and its Shareholders are exposed. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Shares.

Any investment in the Company under this Prospectus should be considered highly speculative.

4.1 Risks specific to the Company

(a) Future capital requirements

The Company will require further financing in the future, in addition to amounts raised pursuant to the Public Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

The Company has previously made losses, which may occur again in the future. In the event that the Company makes losses in the future and is unable to return to profitability utilising existing funding, it will become reliant on raising funds from investors or lenders in order to continue to fund its operations and to scale growth.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing shareholders will be diluted.

(b) Liquidity

At Admission, the Company expects to have 55,151,622 Shares on issue. The Company expects approximately 23,173,191 Shares to be subject to 24 months escrow and 2,778,053 Shares subject to 12 months escrow in accordance with Chapter 9 of the Listing Rules, which would be equal to approximately 47.1% of the Company's issued capital. This creates a liquidity risk as a large portion of issued capital may not be able to be freely tradable for a period of time. The ability of an investor in the Company to sell their Shares on the ASX will depend on the turnover or liquidity of the Shares at the time of sale. Therefore, investors may not be able to sell their Shares at the time, in the volumes or at the price they desire.

(c) Contract Risk

The operations of the Company will require involvement of a number of third parties including suppliers, manufacturers and customers. With respect to these third parties and

despite applying best practice in terms of pre-contracting due diligence, the Company is unable to completely avoid the risk of:

- (i) financial failure or default by a participant in any joint venture to which the Company may become a party; and
- (ii) insolvency, default on performance or delivery by any operators, contractors or service providers.

As at the date of this Prospectus, the Company is party to various material contracts for the provision of mining services to parties within the resource and mining industry in Australia.

These contracts contain provisions providing for early termination of the contracts (including the contract with Galaxy Lithium, see Section 7.7) upon giving varying notice periods and paying varying termination amounts. The early termination of any of these contracts, for any reason, may mean that the Company will not realise the full value of the contract, which is likely to adversely affect the growth prospects, operating results and financial performance of the Company.

There is also a risk that where the Company is engaged by a contractor, the contract between the contractor and project owner may terminate for reasons outside of the control of the Company. This may then result in the termination of the contract between the Company and the contractor and the adverse effects noted above.

(d) Cash flows

The Company funds its activities via operating cash flow, short term working capital arrangements and through asset finance. Projects and operations, cash flows and liquidity could be adversely affected if the Company miscalculates the resources, cost or time needed to complete a project, or is unable to receive cash from clients in respect of services rendered on a timely basis.

(e) Competition Risk

The Company's current and future potential competitors include companies with substantially greater resources. The Company may not be able to compete successfully against current or future competitors where aggressive pricing policies are employed to capture market shares. Such competition could adversely affect the Company's growth prospects, operating results and financial performance.

The entry of additional competitors into the drilling and blasting industry could result in reduced operating margins and loss of market share.

(f) Insurance Risk

The Company faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. Although insurance is maintained in line with industry practice, no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover any or all claims.

The Company currently maintains:

- (i) Cargo insurance;
- (ii) Business insurance;
- (iii) Management liability;
- (iv) Journey insurance;
- (v) Corporate travel insurance;
- (vi) General liability umbrella insurance (public liability, products liability, completed operations liability and pollution liability);
- (vii) Contractors machinery insurance;
- (viii) Broadform liability insurance;
- (ix) Workers compensation insurance; and
- (x) Directors & officers insurance.

(g) Ability to win new work

If the Company is unable to establish new customer relationships and win new work this will adversely affect the Company's growth prospects, operational results and financial performance.

The Company's revenue is dependent on winning new contracts and work and the Company operates in an increasingly competitive market. It is difficult to predict whether and when new contracts will be awarded due to multiple factors influencing how customers evaluate potential service providers, such as experience, reputation, customer relationships, financial strength, and the ability to provide mining services in a timely, safe, and cost-efficient manner.

Consequently, the Company is subject to the risk of losing new awards to competitors which will adversely impact its business, results of operations and financial position. Operational and financial performance including cash flows may fluctuate from quarter to quarter depending on the timing and size of new contract awards.

Additionally, increased competition and softer market conditions can limit the Company's negotiating power with customers on contract terms where even if the Company is successful in obtaining new contracts and awards, the new contracts may increasingly deviate from the standard terms that the Company seeks to obtain.

Additionally, a significant portion of the Company's revenues are subject to short term arrangements which do not provide certainty as to minimum revenues.

(h) Reliance on key personnel and ability to attract and retain skilled workers

The Company's operational success will depend substantially on the continuing efforts of its senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations.

Further, the Company relies on its ability to attract, retain, motivate and train highly skilled and qualified employees and contractors. Therefore, if the Company fails to retain existing

employees and contractors and recruit and retain additional personnel at appropriate labour costs, this may have an adverse effect on the Company's ability to achieve its forecast earnings. In addition, the shortage of skilled personnel has increased labour costs.

Historically, the Company has been able to pass on increases in labour costs to its clients through contract adjustment mechanisms. However, should the Company retain personnel at higher labour costs which cannot be passed on to its clients, this may also adversely affect the financial performance and/or financial position of the Company.

(i) Maintenance of key relationships

The Company will rely on relationships with key business partners to enable it to promote its services. A failure to maintain relationships could result in a withdrawal of support, which in turn could impact the Company's financial position.

The Company may lose strategic relationships if third parties with whom the Company has arrangements are acquired by or enter into relationships with a competitor (which could cause the company to lose access to necessary resources). The Company's current competitors could become stronger, or new competitors could form from consolidations. This could cause the Company to lose access to markets or expend greater resources in order to stay competitive.

(j) Litigation

Legal proceedings may arise from time to time in the course of the business of the Company. As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

(k) Infectious diseases

The outbreak of coronavirus disease (COVID-19) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets and share price.

The Company's share price may be adversely affected by the economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations. It could interrupt the Company carrying out its contractual obligations or cause disruptions to supply chains.

COVID-19 has caused a delay in the availability of some spare parts for certain of the Company's drill rigs. Such disruptions to the supply chain could have an adverse ability on the Company's ability to maintain its equipment.

One of the Company's projects, which is currently nearing completion, experienced delays through controls implemented to minimise exposure to COVID-19 within onsite accommodation and interstate personnel being restricted through travel bans and quarantine. Due to the above mentioned site access restrictions, the Company has been impacted financially through the delayed receipt of revenue, however the Company has worked with key stakeholders to limit the ongoing financial impact of further unanticipated delays, including standby payment arrangements.

Several of the Company material contracts as set out in Sections 7.7 and 7.8, are subject to force majeure clauses, which could be enlivened by the spread of COVID-19 and the associated disruptions to normal economic activity. Subject to their contractual provisions and the particulars of a contract, force majeure clauses enable the non-performing party to escape liability for failing to perform contractual obligations as a result of the force majeure event. The spread of COVID-19 may therefore hamper the ability of the Company to realise contracted revenues from counterparties that seek to rely on such clauses in order to escape liability for non-performance.

That Company is currently no aware of any of its other contracts which are being materially impacted by COVID-19.

DDB qualified for the JobKeeper allowance payments in relation to approximately 30 employees and has received \$180,000 so far with the total remaining expected to be received of approximately \$391,500. The Company believes that it will be adequately funded following the Public Offer and therefore the conclusion of the JobKeeper program is unlikely to have a material adverse effect on the business.

The Company is mitigating the effects of COVID-19 by conducting regular stocktakes, maintaining key supplier engagement and establishing remote working environments for support staff.

(l) Climate change

There are a number of climate-related factors that may affect the Company's business.

Climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water, scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on the Company's customer's ability to access and utilise their tenements and therefore the Company's ability to carry out services.

Changes in policy, technological innovation and consumer or investor preferences could adversely impact the Company's business strategy, particularly in the event of a transition (which may occur in unpredictable ways) to a lower-carbon economy.

(m) Access to sufficient used and new equipment

The services provided by the Company are dependent on access to used and new mining equipment.

In the event that DDB has difficulty in securing adequate supplies of mining equipment at appropriate prices, or if the quality of the equipment is not acceptable or suitable, its ability to perform or commence new projects may be adversely affected. This may have an adverse impact on the financial performance and/or financial position of the Company.

(n) Maintenance of equipment risk

The Company's equipment will require maintenance and replacement over time. The Company has made estimates regarding the maintenance and repair costs, and the market value of used equipment.

Future operating and financial performance could be adversely affected because maintenance and repair costs may be higher than estimated, it must be undertaken earlier

than anticipated, or if there is a significant operational failure requiring unplanned maintenance expenditure. Future operating and financial performance could be adversely affected because market values of used equipment may fluctuate and are generally lower as a piece of equipment ages. In addition, the cost of the new equipment used may increase, and therefore the Company may spend more on replacement equipment. Any such cost increases could materially and adversely impact the operating and financial performance of the Company.

(o) Quality of Work and Delivery

A key part to the Company's business is its ability to provide high quality services at attractive prices and its ability to consistently deliver the services required by its customers in a timely manner. While the Company has a strong record of executing on these core principles and has initiatives in place to ensure that these core deliverables continue, there is no guarantee the Company will always meet its customers' expectations as to the timing and quality of work performed. Any such failures, or perceived failures, may have a materially adverse impact on the Company's reputation and financial performance.

(p) Reputation

The Company has developed a good reputation and relies on this to establish and maintain relationships with its customers. There is a risk that any event by which the Company suffers a loss of reputation, for example by way of dissatisfied customers, poor performance, litigation or a perception that such events exist, may result in damage to the Company's brand and may impact on the Company's ability to retain existing customers and build new customer relationships.

(q) Occupational Health and Safety

Site safety and occupational health and safety outcomes are a critical element in the reputation of the Company and its ability to retain and be awarded new contracts in the resources industry. While the Company has a strong commitment to achieving a safe performance on site and a strong record in achieving safety performance, a serious site safety incident could impact upon the reputation and financial outcomes for the Company.

Additionally, laws and regulations as well as the requirements of customers may become more complex and stringent or the subject of increasingly strict interpretation and/or enforcement. Failure to comply with applicable regulations or requirements may result in significant liabilities, to suspended operations and increased costs.

Industrial accidents may occur in relation to the performance of the Company's services. Such accidents, particularly where a fatality or serious injury occurs, or a series of such accidents occurs, may have operational and financial implications for the Company which may negatively impact on the financial performance and growth prospects for the Company.

(r) Environmental Risks

Environmental management and compliance is an important part of the business of the Company's customers. The Company works with its customers to ensure that its equipment and maintenance services operate in alignment with their onsite policies, management systems and procedures.

The Company's actions or failures to act may result in the mining customers for which it performs services incurring environmental liability, regulatory penalties, or having licenses suspended, cancelled or subjected to additional conditions. Some of the Company's customer contracts contain indemnities under which it is obliged to compensate the customer for certain losses resulting from environmental incidents for which the Company is responsible.

As a result, environmental incidents may result in the Company incurring substantial obligations to compensate its customers which could have a material adverse effect on the Company's operational and financial performance.

(s) Reliance on Mining Industry

The Company's financial performance is sensitive to the level of demand within the resources and mining industry. The level of activity in the industry can be cyclical and sensitive to a number of factors beyond the control of the Company (including COVID-19). In addition, the Company may not be able to predict the timing, extent or duration of the activity cycles in the industry.

Any reduction in demand from the mining industry, or a reduction in the reliance by the mining industry on contractors, may negatively affect the growth prospects, operating results and financial performance of the Company.

(t) Management of Growth

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the listing on ASX. The capacity of management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

(u) Disruption to Business Operations

The Company and its customers are exposed to a range of operational risks relating to both current and future operations. Such operational risks include loss or damage to operating assets and equipment, equipment failures or breakdowns, human error, accidents, information system failures, external services failure, industrial action or disputes, inclement weather (including cyclones) and natural disasters. While the Company endeavours to take appropriate action to mitigate these operational risks and insure against them, the Company cannot control the risks its clients are exposed to, nor can it completely remove all possible risks relating to its own business. A disruption in the operations of the Company or its clients may have an adverse impact on the financial performance and/or financial position of the Company.

(v) Technology and Information Systems

The Company relies on the effective and efficient operation of information technology, software systems, communications technology and other systems and equipment for its operations, including technology and systems provided by third parties. If any of these systems, software or technologies failed to operate effectively, or new system implementations or significant upgrades are required, the Company could suffer interruption to its services and loss of data which could lead to financial loss and damage to its reputation. This may be as a result of issues including hardware, software or system failures, computer viruses, third party service failures, cyber-attacks or other cyber incidents. Further, failure of the Company's disaster recovery arrangements to operate

effectively could also result in financial loss and damage to the reputation of the Company.

(w) Liability Risk

The provision of products and services by the Company carries with it a risk of liability for losses arising from the provision of defective services, environmental damage, personal injury or property damage and indirect or consequential losses suffered by third parties. The Company's insurance and contractual arrangements may not adequately protect it against such liabilities and any loss falling outside the scope of insurance may adversely affect the Company's financial performance and/or financial position.

(x) Unforeseen expenses

The Company's cost estimates and financial forecasts include appropriate provisions for material risks and uncertainties and are considered to be fit for purpose for the proposed activities of the Company. If risks and uncertainties prove to be greater than expected, or if new currently unforeseen material risks and uncertainties arise, the expenditure proposals of the Company are likely to be adversely affected.

(y) Supply risks and costs

DDB relies on the availability and provision of consumables from third parties in a cost-effective manner. Any significant interruption or change in availability or costs of key consumables could materially impact the ability of DDB to provide services in a timely manner. While DDB uses various strategies (as set out in Section 2.7) to minimise exposure to price increases, it is not cost efficient to cover all exposures in each project. Accordingly, cost increases that are not covered by cost exposure strategies, will either reduce DDB's operating margins on projects, or cause DDB to operate at a loss.

4.2 General Risks

(a) General economic climate

Factors such as inflation, currency fluctuations, interest rates, legislative changes, political decisions and industrial disruption have an impact on operating costs. The Company's future income, asset values and share price can be affected by these factors and, in particular, by exchange rate movements.

(b) Policies and legislation

Any material adverse changes in government policies or legislation of Australia any other country that the Company has economic interests may affect the viability and profitability of the Company.

(c) Negative publicity may adversely affect the Share price

Any negative publicity or announcement relating to any of the Company's substantial Shareholders, key personnel, activities or customers may adversely affect the stock performance of the Company, whether or not this is justifiable. Examples of such negative publicity or announcements may include involvement in legal or insolvency proceedings, failed attempts in takeovers, joint ventures or other business transactions or a breach of legislation (e.g. environmental or native title laws).

(d) Stock market conditions

As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the Offer Price. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of Company's operational performance.

General factors that may affect the market price of Shares include without limitation economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(e) Force majeure

Force majeure is a term used to refer to an event beyond the control of a party claiming that the event has occurred. Significant catastrophic events – such as war, acts of terrorism, pandemics, loss of power, cyber security breaches or global threats – or natural disasters – such as earthquakes, fire or floods or the outbreak of epidemic disease – could disrupt the Company's operations and impair deployment of its solutions by its customers, interrupt critical functions, reduce demand for the Company's products, prevent customers from honouring their contractual obligations to the Company or otherwise harm the business. To the extent that such disruptions or uncertainties result in delays or cancellations of the deployment of the Company's products and solutions, its business, results of operations and financial condition could be harmed.

(f) Unforeseen Risk

There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its operations and/or the valuation and performance of its Shares.

(g) Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

5. Board, Management and Corporate Governance

5.1 Board of Directors

As at the date of this Prospectus, the Board comprises of:

- (a) Mark Davis – Managing Director;
- (b) Matthew Freedman – Executive Director;
- (c) Garret Dixon - Non-Executive Chairman; and
- (d) George Garnett – Non-Executive Director.

5.2 Directors' Profiles

The names and details of the Directors in office at the date of this Prospectus are:

- (a) Mark Davis – Managing Director

Mark has been a Director of DDB since incorporation in 2011. He 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.

- (b) Matthew Freedman – Executive Director

Matt has been involved with DDB since 2017, joined as General Manager in 2018 and was appointed as a Director in 2019. He has 13 years of experience in the mining and mining services sector. He has spent time working for Rio Tinto Procurement, WorleyParsons and conducting business development for Emeco. Matt holds a Bachelor of Business Administration.

- (c) Garret Dixon - Non-Executive Chairman

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 of Iron Ore Business Development for rail freight operator Aurizon. Until recently, Mr Dixon 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.

Mr Dixon currently holds the position of Non-Executive Chairman of ASX listed Fenix Resources Ltd, Non-Executive Director of ASX listed BCI Minerals Ltd and is also a proposed non-executive director of MLG (Oz) Ltd (subject to the finalisation of MLG (Oz) Ltd's initial public offer).

Mr Dixon has a Bachelor of Engineering (Hons) and a Master of Business Administration and is a member of the Australian Institute of Company Directors.

(d) George Garnett – Director

George is an experienced equity capital markets executive having advised on the formation and execution of numerous transactions in emerging companies. He is currently a Director of Corporate Finance at Canaccord Genuity Australia and holds a Bachelor of Commerce from Curtin University. George was previously a Non-Executive Director of Gunsynd PLC (GUN.LSE).

5.3 Senior Management

Other than the Directors, the Company's other key senior management members are set out below:

(a) Gregg Barnard - Proposed Chief Financial Officer

Gregg has over 13 years of experience servicing a range of clients in the property, construction and mining services industries. Specialising in the areas of corporate tax issues, employer obligations, structuring, management reporting and cashflows and budgeting. Gregg worked for 13 years at Cooper Partners (the Company's taxation agent and external accountant), where he headed up their virtual CFO services. Gregg is a member of the Institute of Chartered Accountants and holds a Bachelor of Commerce. Mr Barnard will be engaged as Chief Financial Officer of DDB from 20 July 2020.

Mr Barnard has resigned from Cooper Partners in conjunction with his engagement to DDB.

(b) Brad Turner - General Manager - Operations

Brad joined DDB in 2020. Brad has 25 years of mining experience, after starting with Brandrill in 1995. Most recently, Brad was the Mining Manager for Indus Civil & Mining (formerly Watpac). Prior to this Brad was the Project Manager for MACA and spent a number of years as a registered manager for Atlas Iron. Brad holds a Diploma of Metalliferous Mining and a Bachelor of Applied Science.

(c) Chris Horrocks - Operations Manager

Chris Horrocks has been with DDB since 2012, and has 12 years of mining services experience. Chris held Senior Shotfirer and Site Manager roles with Ausdrill and Rock On Ground prior to joining DDB. Chris has extensive experience in blast design and specialised blasting.

5.4 Interests of Directors

No Director of the Company (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (c) the Offers, and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director of the Company for services which he or she (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers,

except as disclosed in this Prospectus.

5.5 Disclosure of Directors

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Shares. No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer, or within a 12 month period after they ceased to be an officer.

5.6 Security holdings of Directors

The Directors and their related entities have the following interests in Securities as at the date of this Prospectus:

| Director | Shares | % of Shares | Options ¹ | % of Options | Performance Rights ² |
|-------------------------------|-----------|-------------|----------------------|--------------|---------------------------------|
| Mark Davis ³ | 8,333,333 | 33.1 | 1,882,280 | 28.0 | 1,281,220 |
| Matthew Freedman ⁴ | 8,333,333 | 33.1 | 1,882,280 | 28.0 | 1,281,220 |
| Garret Dixon ⁵ | - | - | - | - | 500,000 |
| George Garnett ⁶ | 1,598,614 | 6.3 | 316,540 | 4.7 | 215,460 |

Based on the intentions of the Directors at the date of this Prospectus in relation to the Offers, the Directors and their related entities will have the following interests in Securities on Admission:

| Director | Shares | % of Shares | Options ¹ | % of Options | Performance Rights ² |
|-------------------------------|-----------|-------------|----------------------|--------------|---------------------------------|
| Mark Davis ³ | 8,333,333 | 15.1 | 1,882,280 | 25.2 | 1,281,220 |
| Matthew Freedman ⁴ | 8,333,333 | 15.1 | 1,882,280 | 25.2 | 1,281,220 |
| Garret Dixon ^{5,7} | 250,000 | 0.45 | - | - | 500,000 |
| George Garnett ⁶ | 1,598,614 | 2.9 | 316,540 | 4.2 | 215,460 |

Notes:

1. See Section 8.2 for the terms and conditions of the Options.
2. See Section 8.3 for the terms and conditions of the Performance Rights.

3. This comprises 8,333,333 Shares, 1,882,280 Options and 1,281,220 Performance Rights held by Jezac Pty Ltd ATF MJAC SIVAD Trust. Mr Mark Davis is the sole Director of Jezac Pty Ltd and a beneficiary under the MJAC SIVAD Trust.
4. This comprises 8,333,333 Shares, 1,882,280 Options and 1,281,220 Performance Rights held by Rangehill Holdings Pty Ltd ATF the Calypso Family Trust. Mr Matthew Freedman is the sole Director of Rangehill Holdings Pty Ltd and a beneficiary under the Calypso Family Trust. Note that Mr Laurence Freedman (his interests are contained in Section 8.6) is not an associate but is the father of Mr Matthew Freedman.
5. Mr Dixon holds 500,000 Performance Rights held indirectly through Galair Pty Ltd ATF Bunburra Trust of which Mr Dixon is a beneficiary.
6. Comprised of 1,598,614 Shares, 316,540 Options and 215,460 Performance Rights indirectly held by JHAC Pty Ltd, of which Mr George Garnett is the sole Director and Prevost & Co Pty Ltd ATF the Prevost & Co Investment Trust (of which Mr George Garnett is the sole Director and Shareholder) is the sole Shareholder.
7. Mr Dixon intends to subscribe for up to 250,000 Shares pursuant to the Public Offer.

5.7 Remuneration of Directors

As at the date of this Prospectus, Directors have received the following remuneration over the past two financial years:

| Director | FY 18 (A\$) | FY 19 (A\$) |
|-----------------------------|-------------|-------------|
| Mark Davis | 98,550 | 197,000 |
| Matthew Freedman | 197,000 | 197,000 |
| Garret Dixon ² | - | - |
| George Garnett ³ | - | 18,000 |

Notes:

1. All amounts are inclusive of superannuation.
2. Mr Dixon was appointed on 13 May 2020 and therefore did not receive any remuneration in the financial years ending 30 June 2018 and 30 June 2019.
3. Mr Garnett has been issued 210,000 shares and a cash payment of \$18,000 in lieu of board fees accrued from his appointment on 12 March 2019 until 30 June 2020 .

5.8 Related Party Transactions

The Company has entered into the following related party transactions on arms' length terms:

- (a) executive services agreements with Mark Davis and Matthew Freedman (refer Sections 7.2 and 7.3);
- (b) letters of appointment with each of its directors on standard terms (refer Section 7.4);
- (c) deeds of indemnity, insurance and access with each of its Directors on standard terms (refer Section 7.5);

- (d) Long Term Loan Agreement with Ganan Capital Pty Ltd (refer Section 7.10(a));
- (e) Letter Deed in relation to the long term loan agreement (refer Section 7.10(b));
- (f) Short Term Loan Agreements with Ganan Capital Pty Ltd and JHAC Pty Ltd (refer Section 7.10(c)); and
- (g) the Commitment Letter with Mr Laurence Freedman (refer Section 7.6).

At the date of this Prospectus, no other material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

5.9 Relationship between Mr Laurence Freedman and Mr Matthew Freedman

Mr Laurence Freedman is a substantial Shareholder of the Company and the father of Mr Matthew Freedman, an Executive Director of the Company. Despite the relationship, Mr Laurence Freedman is not an associate of Mr Matthew Freedman.

The Company notes the Listing Rules contain a deeming provision whereby a related party of a natural person is taken to be an associate of the natural person unless the contrary is established. In determining that there is no relationship of association between Mr Laurence Freedman and Mr Matthew Freedman, the Company considers the following:

- (a) Mr Laurence Freedman has a long history of involvement and expertise in mining services and resource companies, has previously held directorships for ASX listed entities and has the capacity and ability to exercise independent judgement with regards to his shareholding and the affairs of the Company.
- (b) Mr Matthew Freedman does not control the way in which Mr Laurence Freedman exercises his voting rights in the Shares, and similarly, Mr Laurence Freedman does not control the way in which Mr Matthew Freedman exercises his voting rights in the Shares. Both persons intend to exercise their voting rights in the Shares independently.
- (c) There is no agreement between Mr Matthew Freedman and Mr Laurence Freedman which allows either party to exercise control or influence over the other person.
- (d) Mr Matthew Freedman and Mr Laurence Freedman are not acting, and do not propose to act, in concert in relation to the Company's affairs.

5.10 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Recommendations).

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are detailed below. The Company's full Corporate Governance Plan is intended to be made available in a dedicated corporate governance information section of the Company's website at <https://dynamicdrillandblast.com.au/>.

(a) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) appointing and when necessary replacing the Executive Directors;
- (iii) approving the appointment and when necessary replacement, of other senior executives;
- (iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;
- (v) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (vi) approving operating budgets and major capital expenditure;
- (vii) overseeing the integrity of the Company's accounting and corporate reporting systems including the external audit;
- (viii) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; and
- (x) monitoring the effectiveness of the Company's governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. The Board currently consists of the Mr Mark Davis as Managing Director, Mr Matthew Freedman as Executive Director, Mr Garret Dixon as Non-Executive Chairman and Mr George Garrett as Non-Executive Director (none of the Directors are considered as independent). As the Company's activities develop in size, nature and scope, the

composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

(c) Identification and management of risk

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(d) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(e) Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(f) Remuneration arrangements

The remuneration of any Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (eg non-cash performance incentives such as options).

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(g) Securities trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (ie Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(h) Diversity policy

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy. This policy outlines the Company's diversity objectives in relation to gender, age, cultural

background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

Given the current size of the Company, the Board has determined that the benefits of the initiatives recommended by the ASX Corporate Governance Council are disproportionate to the costs involved in implementing such strategies including compliance with the requirement for the Company to set and report against measurable objectives for achieving gender diversity.

(i) Audit and risk

The Company will not have a separate audit or risk committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

(j) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

5.11 Departures from Recommendations

Following Admission, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

| Principles and Recommendations | Explanation for Departures |
|---|---|
| <p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(i) the measurable objectives set for that period to achieve gender diversity;</p> | <p>The Company has implemented a diversity policy which can be viewed on its website at www.dynamicdrillandblast.com.au/. The diversity policy provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The diversity policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives (if any have been set) and the Company's progress in achieving them.</p> <p>Due to the current size and composition of the organisation, the Board does not consider it appropriate to provide measurable objectives in relation to gender diversity. The Company is committed to ensuring that the appropriate mix of</p> |

| Principles and Recommendations | Explanation for Departures |
|---|--|
| <p>(ii) the entity's progress towards achieving those objectives; and</p> <p>(iii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> | <p>skills, expertise, and diversity are considered when employing staff at all levels of the organisation and when making new senior executive and Board appointments and is satisfied that the composition of employees, senior executives and members of the Board is appropriate.</p> |
| <p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose, for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | <p>The Board reviews the performance of its senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act), other than non-executive Directors.</p> <p>The applicable processes for these evaluations can be found in the Company's Performance Evaluation Policy, which is available on the Company's website.</p> <p>The performance evaluation policy has been newly adopted and therefore no performance evaluation has been undertaken in accordance with those processes contained within the policy.</p> |
| <p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> | <p>In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process, as such the Board as a whole will act in regards to the responsibilities of the nomination committee. Those responsibilities are outlined in the Nomination and Remuneration Committee Charter which is available on the Company's website.</p> |

| Principles and Recommendations | Explanation for Departures |
|---|---|
| <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | |
| <p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p> | <p>The Board is comprised of four Directors. None of the Directors are considered to be independent directors as two of the Directors are executives and all Directors have received Performance Rights.</p> |
| <p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p> | <p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>While the Chair of the Company is Mr Garret Dixon who is not an independent Director, he is not CEO of the Company.</p> |
| <p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> | <p>The Board has not established a separate audit committee. The full Board carries out the duties that would ordinarily be assigned to the audit committee.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate audit committee.</p> |

| Principles and Recommendations | Explanation for Departures |
|---|--|
| <ul style="list-style-type: none"> (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. | |
| <p>Recommendation 6.4</p> <p>A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than a show of hands.</p> | <p>The Company at its current size has not adopted the use of a poll for each of its substantive resolutions.</p> <p>Moving forward the Company Secretary will ensure that substantive resolutions will be decided by poll.</p> |
| <p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose | <p>The Board has not established a separate Risk Management Committee. The Board is ultimately responsible for risk oversight and risk management. Discussions on the recognition and management of risks are considered by the Board.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate risk committee.</p> |

| Principles and Recommendations | Explanation for Departures |
|---|---|
| that fact and the processes it employs for overseeing the entity's risk management framework. | |
| <p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p> | <p>The Board monitors the need for an internal audit function. The Company has not had an internal audit function for the past financial year. Due to the size of the Company, the Board does not consider it necessary to have an internal audit function.</p> |
| <p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | <p>The Board as a whole performs the function of the Remuneration committee which includes setting the Company's remuneration structure, determining eligibilities to incentive schemes, assessing performance and remuneration of senior management and determining the remuneration and incentives of the Board.</p> <p>The Board may obtain external advice from independent consultants in determining the Company's remuneration practices, including remuneration levels, where considered appropriate.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate remuneration committee.</p> |

6. Financial Information

6.1 General

The Investigating Accountant's Report contained in Annexure A sets out:

- (a) the audited historical statements of profit or loss and other comprehensive income and statements of cash flows of DDB for the years ended 30 June 2018 and 30 June 2019;
- (b) the reviewed historical statements of profit or loss and other comprehensive income and statements of cash flows of DDB for the half year ended 31 December 2019 and 31 December 2018; and
- (c) the audited historical statement of profit or loss and other comprehensive income and statement of cash flow for the period for the Company from incorporation to 31 May 2020.

(together, the Historical Financial Information) and

- (d) the pro forma statement of financial position of the Company (Pro Forma Statement of Financial Position),

(collectively referred to as the Financial Information).

Investors are urged to read the Investigating Accountant's Report in full.

6.2 Forecast financial information

There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the company's growth strategies and the general nature of the industry in which the Company will operate, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot be reliably estimated. On this basis and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.

7. Material Contracts

The Directors consider that certain contracts entered into by the Company are material to the Company or are of such a nature that an investor may wish to have particulars of them when making an assessment as to whether to apply for Shares under the Public Offer. The provisions of such material contracts are summarised in this Section.

7.1 Lead Manager Mandate

The Company has entered into a mandate with JP Equity Partners dated 5 June 2020, to appoint JP Equity Partners to act as Lead Manager in relation to the Public Offer (Lead Manager Mandate).

Pursuant to the Lead Manager Mandate, JP Equity Partners is engaged to provide lead manager services to the Company, including but not limited to:

- (a) assistance with administration and marketing process of the Public Offer; and
- (b) assistance with the provision of valid applications for the securities the subject of the Public Offer.

Pursuant to the Lead Manager Mandate as consideration for the provision of the Lead Manager services in relation to the Public Offer, the Company has agreed to:

- (a) pay JP Equity Partners:
 - (i) a cash fee equal to 4.5% of the total capital raised by JP Equity Partners under the Public Offer, which does not include funds raised from investors who are already known to the Company or its affiliates that participate in the Public Offer (including the amounts raised under the Commitment Letter);
 - (ii) a cash fee equal to 1.5% of the total capital raised pursuant to the Public Offer; and
 - (iii) for any expenses, including travel, subsistence and goods and services purchased on the Company's behalf, in connection with the Lead Manager Mandate; and
- (b) issue 750,000 Lead Manager Options to JP Equity Partners (or its nominees), with an issue price of \$0.0001, an exercise price of \$0.25 per Option and an expiry of 3 years from the date of issue.

To date, the Company hasn't paid any fees to JP Equity Partners. There is no retainer or other fees payable under the Lead Manager Mandate.

The Lead Manager Mandate term is the period from 5 June 2020 until the successful completion of the Public Offer and listing on ASX or 31 December 2020, whichever is the latest, unless extended by mutual written agreement of the parties. The Company or JP Equity Partners may elect to terminate the Lead Manager Mandate for material breach and other events that are considered standard for an agreement of this nature.

The Lead Manager Mandate contains additional clauses (including confidentiality and intellectual property) that are considered standard for an agreement of this nature.

Please see Section 1.8 for further information regarding the Lead Manager's interest in the Public Offer.

7.2 Executive services agreement - Mark Davis

DDB has entered into an executive employment agreement with Mr Mark Davis dated 18 June 2020, pursuant to which Mr Davis will serve as Managing Director of DDB (Davis Agreement).

Pursuant to the Davis Agreement, Mr Davis is responsible for (amongst other things) assuming and exercising the powers and performing the duties vested or assigned to him by the chairman of the Board or an officer authorised by the Board, serving DDB and the Company faithfully and diligently exercising all due care and skill and using his best endeavours to promote DDB's best interests and welfare.

The remuneration payable to Mr Davis pursuant to the Davis Agreement is \$240,000 per annum (excluding superannuation).

Mr Davis may be offered long term incentives through the long term incentive plan or STIs at the sole and absolute discretion of DDB.

The Davis Agreement is for an indefinite term, continuing until terminated by DDB giving not less than 3 months' written notice of termination (or shorter periods in limited circumstances) or by Mr Davis giving not less than 3 months written notice of termination.

Mr Davis is also subject to restrictions in relation to the use of confidential information during and after his employment with DDB and being directly or indirectly involved in a competing business during his employment and for a period of up to 6 months, after his employment with DDB ceases, on terms which are otherwise considered standard for agreements of this nature.

On termination of the Davis Agreement, however occurring, Mr Davis is required to resign without claim for compensation from any office held by Mr Davis in DDB or any member of the Group.

The Davis Agreement contains additional provisions considered standard for agreements of this nature.

The Company has entered into an appointment letter with Mr Davis dated 17 June 2020, pursuant to which Mr Davis will serve as Managing Director of the Company on standard terms and conditions. No additional fees are payable under the letter of appointment to Mr Davis.

Mr Davis has been issued Options and Performance Rights as set out in Section 5.6.

7.3 Executive services agreement - Matthew Freedman

DDB has entered into an executive employment agreement with Mr Matthew Freedman dated 18 June 2020, pursuant to which Mr Freedman will serve as Executive Director of DDB and the Company (Freedman Agreement).

Pursuant to the Freedman Agreement, Mr Freedman is responsible for (amongst other things) assuming and exercising the powers and performing the duties vested or assigned to him by the chairman of the Board or an officer authorised by the Board, serving DDB and the Company faithfully and diligently exercising all due care and skill and using his best endeavours to promote DDB's best interests and welfare.

The remuneration payable to Mr Freedman pursuant to the Freedman Agreement is \$210,000 per annum (excluding superannuation).

Mr Freedman may be offered long term incentives through the long term incentive plan or STIs at the sole and absolute discretion of the Company.

The Freedman Agreement is for an indefinite term, continuing until terminated by DDB giving not less than 3 months' written notice of termination (or shorter periods in limited circumstances) or by Mr Freedman giving not less than 3 months written notice of termination.

Mr Freedman is also subject to restrictions in relation to the use of confidential information during and after his employment with DDB and being directly or indirectly involved in a competing business during his employment and for a period of up to 6 months, after his employment with the Company ceases, on terms which are otherwise considered standard for agreements of this nature.

On termination of the Freedman Agreement, however occurring, Mr Freedman is required to resign without claim for compensation from any office held by Mr Freedman in DDB or any member of the Group.

The Freedman Agreement contains additional provisions considered standard for agreements of this nature.

The Company has entered into an appointment letter with Mr Freedman dated 17 June 2020, pursuant to which Mr Freedman will serve as Executive Director on standard terms and conditions. No additional fees are payable under the letter of appointment to Mr Freedman.

Mr Freedman has been issued Options and Performance Rights as set out in Section 5.6.

7.4 Letters of Appointment

(a) Letter of Appointment - Garret Dixon

The Company entered into a letter of appointment with Mr Garret Dixon for his appointment as Non-Executive Chairman, dated 18 June 2020.

This letter of appointment sets out Mr Dixon's duties as including attending board and committee meetings and advising on the strategic direction and control of the business of the Company.

Pursuant to the Non-Executive Chairman's letter of appointment, the Company has agreed to pay Mr Dixon \$50,000 per annum exclusive of the 9.5% compulsory superannuation contribution and GST that will be paid monthly at the end of each month in arrears.

The Non-Executive Chairman letter of appointment contains additional provisions considered standard for agreements of this nature.

Mr Dixon has been issued Performance Rights as set out in Section 5.6.

(b) Letters of Appointment - George Garnett

The Company entered into a letter of appointment with Mr George Garnett for his appointment as Non-Executive Director, dated 18 June 2020.

This letter of appointment sets out Mr Garnett's duties as including attending board and committee meetings and advising on the strategic direction and control of the business of the Company.

Pursuant to the Non-Executive Directors letter of appointment, the Company has:

- (i) agreed to pay Mr Garnett from 30 June 2020, \$30,000 per annum exclusive of the 9.5% compulsory superannuation contribution and GST that will be paid monthly at the end of each month in arrears; and
- (ii) issued Mr Garnett 210,000 Shares and paid a cash fee of \$18,000 in cash in lieu of salary accrued as a director of DDB for the period from 12 March 2019 until 30 June 2020.

The Non-Executive Director letter of appointment contains additional provisions considered standard for agreements of this nature.

Mr Garnett has been issued Options and Performance Rights as set out in Section 5.6.

7.5 Deeds of indemnity, insurance and access

The Company is party to a deed of indemnity, insurance and access with each of the Directors and the Company Secretary. Under these deeds, the Company indemnifies the relevant Director/Company Secretary to the extent permitted by law against any liability arising as a result of the Director or officer acting as a director or officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director or officer and must allow the Directors and officers to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

7.6 Commitment Letter

The Company and Mr Laurence Freedman have entered into the Commitment Letter for Mr Laurence Freedman to subscribe for 4,337,690 Shares under the Public Offer, being that number of Shares that will bring his interest in the Company to approximately 19.9% at completion of the Public Offer (Commitment Shares). Commitment Shares under the Commitment Letter will be issued at \$0.20 to raise approximately \$867,538 (before costs).

Mr Laurence Freedman is an existing and long-term substantial Shareholder and the father of Mr Matthew Freedman, an Executive Director of the Company. Mr Laurence Freedman is not an associate of Mr Matthew Freedman, for further information, please see Section 5.9.

Subject to the Company raising the Minimum Subscription, the Company intends to issue all of the Commitment Shares to Mr Laurence Freedman.

7.7 Galaxy Contract

DDB has entered into a contract with Galaxy Lithium Australia Limited (Galaxy Lithium) for the provision of works relating to all drill and blasting operations and other services associated with the extracting of ore and waste at the Mt Cattlin mine dated 24 January 2020.

The term of the contract is the period commencing from 3 February 2020 for a period of four years unless terminated earlier.

The price schedules contain:

- (a) pricing for mobilisation and demobilisation;
- (b) a service fee inclusive of DDB personnel, equipment, material supply, accommodation and messing, and site maintenance;
- (c) day works rates for personnel and equipment, and

- (d) a variable schedule of rates for drilling linear meters and the supply & install of collar piping.

Furthermore, Galaxy Lithium has identified particular work or services in the contract to be carried out by the contractor which are to be paid on a cost plus basis.

Galaxy Lithium may terminate the agreement for its convenience at any time where to continue with the operation would cause ongoing financial losses (giving 14 days' written notice) or for any other reason (giving 30 days' written notice), upon which DDB has claim for payment of any demobilisation fee and certain costs associated with early termination (see Section 4.1(c) for further details in relation to the risk of early termination).

Both Galaxy Lithium and DDB may terminate the agreement by written notice for repudiation or insolvency of the other party or other standard events of default.

Galaxy Lithium may suspend or terminate (if the Force Majeure (FM) event continues for a period of at least 30 consecutive days or 60 days cumulatively in any 12 month period) all or part of the agreement if a FM event prevents the affected party from complying with its obligations under the agreement. DDB may not terminate the agreement pursuant to a FM event. An epidemic is defined as a FM event. To date, Galaxy Lithium has not provided notice of an FM event in respect of the COVID-19 pandemic.

DDB indemnifies Galaxy Lithium and certain indemnified persons against standard costs, liabilities and losses suffered or incurred arising out of or in connection with any act or omission of DDB.

7.8 FMG Contract

Q H & M Birt Pty Ltd (QHM) has entered into an agreement with FMG as a head contractor to carry out all drill and blast operations for the FMG owned Eliwana Rail Project (FMG Head Contract). DDB has entered into a contract with QHM to provide subcontract activities, consisting of the provision of labour, plant and equipment required to undertake site drill & blast, in relation to the Eliwana Rail Project (FMG Subcontract). The following material terms and conditions apply:

The term of the FMG Subcontract is the period commencing from 7 March 2020 until the date for practical completion which is set as 26 October 2020, based on dayshift only operation and quantities in the schedule of rates. QHM may at any time in its absolute discretion extend the date for practical completion.

The FMG Subcontract is a partly lump sum and partly schedule of rates contract. The price schedules contain:

- (a) pricing for mobilisation & demobilisation (including additional night shift charges for personnel and equipment required);
- (b) rates for production drilling & blasting; and
- (c) hourly day works and standby rates for equipment and personnel.

QHM may terminate the FMG Subcontract for its convenience at any time and for any reason by providing DDB with a 60 day notice period prior to termination or QHM may terminate if the FMG Head Contract is terminated. DDB will only have claim to any entitlements calculated on the basis of any outstanding amounts due to the Subcontract, any amount for the value of work done between the last progress claim submission and date of termination and all security not otherwise entitled to QHM.

QHM also has the right to terminate the FMG Subcontract for the following reasons:

- (a) DDB fails to remedy a substantial breach or fails to show cause to QHM's satisfaction that it ought not to exercise its rights (upon serving DDB with a notice of default);
- (b) DDB experiences an insolvency event;
- (c) DDB breaches their primary obligations under the FMG Subcontract or compliance with their OH&S requirements; or
- (d) DDB commits an act or omission that results in QHM breaching the FMG Head Contract.

The FMG Subcontract allows for the obligations of a party to be suspended in the event of an FM event, provided notice is given in accordance with the terms of the FMG Subcontract.

DDB indemnifies QHM against various losses or damages associated with the works and provision of personnel and equipment under the FMG Subcontract.

7.9 Equipment

DDB has two financial leases and five chattel mortgages over seven of its drill-rigs it uses to provide its services. The remaining drill rigs are owned outright.

DDB also has seven chattel mortgages over ten of its light fleet vehicles. The remaining vehicles in its light fleet are owned outright.

The payments required by DDB pursuant to each of these contracts is personally guaranteed and an indemnity in relation to loss incurred by the other party provided by Directors, Mr Matthew Freedman, Mr George Garnett and Mr Mark Davis (except for two of the light fleet vehicle chattel mortgages of which one is guaranteed by Mr Matthew Freedman and Mr Mark Davis only and one is guaranteed by Mr Mark Davis only).

(a) Financial Leases

DDB has entered into two separate finance lease agreements with Epiroc Financial Solutions Australia Pty Limited (EFSA) both commencing 1 October 2019 in relation to two used SmartRoc T45 drill rigs (Finance Lease Agreements).

The drill rigs are supplied by Epiroc Australia Pty Limited (Supplier).

The Finance Lease Agreements are for a term of 36 months unless an extension is agreed to by EFSA.

The payment terms under the Finance Lease Agreements are as follows:

| | Finance amount (excluding GST) | Residual Value | Payment Period | Monthly payments |
|-----------------------------|-----------------------------------|-------------------|--------------------|---------------------|
| Financial Lease Agreement 1 | \$621,641.92 | \$62,142.19 | Monthly in advance | \$19,060.98 |
| Financial Lease Agreement 2 | \$616,331.01 | \$61,633.10 | Monthly in advance | \$18,898.13 |

Pursuant to the Finance Lease Agreements, EFSA leases the two drill rigs to DDB and retains ownership and title to the drill rigs during the term of the Finance Lease Agreements. The amount funded by EFSA is reimbursed through the monthly payments and receipt of the value of the equipment upon its disposal at the end of the term. If the net proceeds of sale of the equipment upon expiry of the lease term are less than the residual value or the equipment is not sold at the end of the lease term, DDB must pay the shortfall. The Company intends to pay out these residual amounts at the end of the period and acquire the drill rigs.

The Finance Lease Agreements contains various conditions and restrictions on DDB's use of the drill rigs and DDB is required to maintain various insurances in relation to the drill rigs (all of which are considered to be industry standard).

EFSA is entitled to terminate the Financial Lease Agreements and repossess the drill rigs upon the occurrence of certain termination events.

(b) Chattel Mortgages

DDB has entered into five separate loan facilities and chattel mortgages with EFSA in relation to two new and two used SmartRoc T45 drill rigs and one D65 drill rig (Chattel Mortgages).

A summary of the Chattel Mortgages is provided below:

| Chattel | Commence- ment | Term | Loan amount (\$) | Down payment (\$) | Monthly payments (\$) |
|---------------------------------|-------------------|-----------|---------------------|-------------------------|-----------------------------|
| New SmartRoc T45-11SF drill rig | 1 March 2020 | 36 Months | 897,620 | 89,762 | 27,340 |
| New SmartRoc T45-11SF drill rig | 1 March 2020 | 36 Months | 897,620 | 89,762 | 27,340 |
| New SmartRoc D65-10LF | 1 March 2020 | 36 Months | 1,390,045 | 139,004 | 42,338 |
| Used SmartRoc T45 drill rig | 1 February 2020 | 24 Months | 381,350 | 38,135 | 16,815 |
| Used SmartRoc T45 drill rig | 1 February 2020 | 24 Months | 381,350 | 38,135 | 16,815 |

All payments are made monthly in arrears.

The Chattel Mortgages are subject to the same general conditions as follows:

- (i) DDB must pay EFSA the monthly payments and any other required payments in accordance with the terms of the Chattel Mortgages, including interest which accrues at a variable standard industry rate;
 - (ii) All amounts outstanding under the specific Chattel Mortgage and any amounts owing to EFSA including under any other finance agreement between EFSA and DDB are secured against the relevant assets;
 - (iii) EFSA may terminate the Chattel Mortgages in an event of default. Upon default, EFSA may terminate the Chattel Mortgage and declare secured monies due and payable. Further EFSA may do all things a mortgagee or absolute owner could do to the equipment including take possession, selling or giving an option to purchase the equipment; and
 - (iv) The Chattel Mortgages contains various conditions and restrictions on the DDB's use of the drill rigs, DDB is required to maintain various insurance in relation to the drill rigs and DDB provides a variety of warranties.
- (c) Light Vehicle Fleet Contracts

DDB has entered into seven separate chattel mortgages with Westpac, Toyota Finance and Capital Finance in relation to ten light fleet vehicles. The commencement date of the light fleet chattel mortgages range from 28 May 2019 to 6 April 2020, and are for a term of either 36 or 48 months. Repayments must be made on a monthly basis to the various financiers. In the event of default, Capital Finance or any of their related body corporates (as the case may be) is entitled to terminate any other leasing, borrowing, hiring or other finance agreement or arrangement that DDB has entered into with Capital Finance or any related body corporates. In the event of default, the relevant financiers may (acting independently) do all things a mortgagee or absolute owner could do to the relevant vehicles including take possession, selling or giving an option to purchase the equipment.

7.10 Loan agreements and convertible debts

(a) Long Term Loan Agreements

On 1 May 2019, DDB entered into separate long term loan agreements with Bahen Bros Pty Ltd (Bahen Bros) and Ganan Capital Pty Ltd (Ganan Capital) (each a Long Term Loan Agreement).

Ganan Capital is a related party of the Company, as the director of Ganan Capital is the father of Matthew Freedman, a Director of the Company and DDB. The terms of the Long Term Loan Agreement with Ganan Capital are on the same terms as the agreement with Bahen Bros, an unrelated lender, and while the Long Term Loan Agreements were entered into prior to the incorporation of the Company, the Directors consider the terms to be arm's length.

Under the Long Term Loan Agreements, Bahen Bros and Ganan Capital (together, the Long Term Lenders) agreed to advance a principal amount of \$691,827 (LT Principal) as follows:

- (i) Bahen Bros - \$345,913.50; and
- (ii) Ganan Capital - \$345,913.50.

On 2 May 2019, the Long Term Lenders advanced the LT Principal to DDB. The LT Principal outstanding under the Loan Agreements is subject to an interest rate of 5.5% per annum from 2 May 2020 (LT Outstanding Interest). The LT Principal amount is repayable on 2 May 2021. The Long Term Loan Agreements are subject to certain events of default, which are considered to be standard for loan agreements of this type. If DDB commits an event of default, the LT Principal shall become immediately due and payable without the need for any demand or notice to be given.

(b) Letter deed in relation to the Long Term Loan Agreements

On or about 5 June 2020, the Long Term Lenders, DDB and the Company entered into a conversion letter deed (Letter Deed) whereby, upon the completion of the Public Offer, the LT Principal outstanding will be converted into Shares (Loan Shares) to satisfy all the obligations owed by DDB under the Long Term Loan Agreements.

The Parties have agreed that upon or immediately after the date that the Company receives a conditional admission letter from the ASX on terms satisfactory to the Company (Conversion Event), the Long Term Lenders will convert the LT Principal outstanding into Shares at a conversion price of \$0.14, with the LT Outstanding Interest to be repaid in cash (Conversion).

DDB agrees to repay any Outstanding Interest that has accrued under the terms of the Long Term Loan Agreements to the Long Term Lenders in cash within 30 days of Conversion. The Long Term Lenders agree to discharge and release DDB from all of its obligations under the Long Term Loan Agreements, upon the latter of conversion or repayment.

In the event that a Conversion Event does not occur before 31 December 2020, the rights and obligations under the Letter Deed will lapse, and the amounts outstanding under the Long Term Loan Agreements will remain subject to the terms of the Long Term Loan Agreements.

The Letter Deed was entered into on arm's length terms.

(c) Short Term Loan Agreements

On 12 March 2020, DDB entered into separate short term loan agreements with Ganan Capital, Bahen Bros and JHAC Pty Ltd (JHAC) (together, the Short Term Loan Agreements).

George Garnett, a Director of the Company and DDB, is the sole director of JHAC and as such JHAC is a related party of the Company and DDB. Ganan Capital is a related party of the Company and DDB as set above in Section 7.10(a).

The terms of the Short Term Loan Agreements with JHAC and Ganan Capital are on the same terms as the unrelated lender, and while the Short Term Loan Agreements were entered into prior to the incorporation of the Company, the Directors consider the terms to be arm's length.

Under the Short Term Loan Agreements, Ganan Capital, Bahen Bros and JHAC (together, the Short Term Lenders) agreed to loan up to the following amounts to DDB (Short Term Loans):

- (i) Ganan Capital - \$500,000;

- (ii) Bahen Bros - \$466,667; and
- (iii) JHAC - \$33,333.

At the date of the Prospectus, the following has been advanced to DDB:

- (iv) Ganan Capital - \$500,000.00;
- (v) Bahen Bros - \$466,666.66; and
- (vi) JHAC - \$33,333.33.

The repayment date on the Short Term Loans is 12 September 2020. The Short Term Loans are subject to interest of 5.5% per annum accruing from the date of initial advance. The Short Term Loan Agreements are subject to certain events of default, which are considered to be standard for loan agreements of this type. If DDB commits an event of default, the principal outstanding under the Short Term Loans shall become immediately due and payable without the need for any demand or notice to be given.

It is the Company's intention to repay \$500,000 of the amounts advanced under the Short Term Loan Agreement upon completion of the Public Offer. The remaining funds advanced under the Short Term Loans will remain outstanding subject to the terms of the Short Term Loan Agreements.

7.11 Ongoing Negotiations

As is customary, the Company regularly tenders for new projects and at the date of the Prospectus has an active tender list at various stages of discussions. The Company cautions investors that tendering is a competitive process and there are no guarantees that project tenders will be successful.

8. Additional Information

8.1 Rights attaching to Shares

A summary of the rights attaching to the Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

- (a) (Ranking of Shares): At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.
- (b) (Voting rights): Subject to any rights or restrictions, at general meetings:
 - (i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
 - (ii) has one vote on a show of hands; and
 - (iii) has one vote for every Share held, upon a poll.
- (c) (Dividend rights): Subject to the rights of any preference Shares, the Directors may declare a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to, or at the direction of, each Member entitled to that dividend. The Directors may rescind or alter such declaration before the payment is made. No dividend carries interest against the Company.

The Directors may also resolve a dividend be satisfied by a distribution of specific assets, provide Shareholders the right to participate in a dividend reinvestment plan or capitalise the reserves and profits of the Company.

- (d) (Variation of rights): The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.
- (e) (Transfer of Shares): Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

If permitted by the Listing Rules, the Company may refuse to register a transfer of shares and must refuse a transfer where the transfer would result in a breach of the Listing Rules or a restriction deed.

- (f) (General meetings): Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

- (g) (Unmarketable parcels): The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.
- (h) (Rights on winding up): If the Company is wound up, the liquidator may with the sanction of special resolution, divide the property of the Company amongst members as the liquidator sees fit (subject to the rights of any preference shareholders).
- (i) (Restricted Securities): a holder of Restricted Securities (as defined in the Listing Rules) must comply with the requirements imposed by the Listing Rules in respect of Restricted Securities.

8.2 Rights and liabilities attaching to Options

The following terms and conditions apply to the Lead Manager Options and Existing Options (together, the Options):

(a) Entitlement

The Options entitle the Option holder (Optionholder) to subscribe for one Share upon the exercise of each Option.

(b) Quotation of Options

The Company will not apply for official quotation of the Options on ASX.

(c) Issue Price

The Lead Manager Options will be issued for \$0.0001 per Option.

The Existing Options were issued for nil cash consideration.

(d) Exercise price and Expiry date

The Options have the following Exercise Prices and Expiry Dates:

| | Exercise Price (\$) | Expiry Date |
|---------------------|---------------------|--------------------------------|
| Lead Manager Option | 0.25 | 3 years from the date of issue |
| Existing Option | 0.30 | 25 June 2023 |

The Options will expire at 5.00pm (AWST) on the Expiry Date. Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) Notice of Exercise

The Optionholder may exercise their Options by lodging with the Company, on or prior to the Expiry Date:

- (i) in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion;

- (ii) a written notice of exercise of Options specifying the number of Options being exercised (Exercise Notice); and
- (iii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised or other means of payment acceptable to the Company, including cashless exercise as described in paragraph 8.2(f). Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(f) Cashless Exercise of Options

This clause only applies to Existing Options and does not apply to Lead Manager Options.

- (i) The Optionholder may elect not to be required to provide payment of the Exercise Price for the number of Existing Options specified in a Notice of Exercise but that on exercise of those Existing Options the Company will transfer or issue to the Optionholder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the date of the Notice of Exercise and the Exercise Price that would otherwise be payable to exercise those Existing Options (with the number of Shares rounded down to the nearest whole Share).
- (ii) Where Market Value means the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding the date of the Notice of Exercise.

(g) Timing of issue of Shares and quotation of Shares on exercise

Within 5 business days after the valid exercise of an Option by the Optionholder, the Company will:

- (i) issue, allocate or cause to be transferred to the Optionholder the number of Shares to which the Optionholder is entitled;
- (ii) issue a substitute Certificate for any remaining unexercised Options held by the Optionholder;
- (iii) if required and subject to paragraph 8.2(h), give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iv) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

(h) Restrictions on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(i) Quotation of Shares on exercise

The Company will apply for official quotation on ASX of all Shares issued upon exercise of the Options within 10 Business Days after the date of issue of those Shares.

(j) Options not transferrable

The Options will not be transferable.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give the Optionholder notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

(l) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of an Option will not be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(m) Adjustment for entitlement issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will not be adjusted following an entitlement offer.

(n) Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder will be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

8.3 Rights and liabilities attaching to Performance Rights

The following terms and conditions apply to the Performance Rights:

(a) Milestones

The Performance Rights have the following milestones attached to them (each referred to as a Milestone).

| Class | Performance Milestone | Milestone Date | Expiry Date |
|-------|--|----------------|--------------|
| A | Revenue of \$30.0 million or greater, as set out in Audited Accounts for the 12 month period ending 31 December 2021 | 1 March 2022 | 30 June 2025 |
| B | EBITDA of \$3.5 million or greater, as set out in Audited Accounts for the 12 month period ending 31 December 2021 | 1 March 2022 | 30 June 2025 |
| C | Revenue of \$50.0 million or greater, as set out in Audited Accounts for the 12 month period ending 31 December 2022 | 1 March 2023 | 30 June 2025 |
| D | EBITDA of \$6.4 million or greater, as set out in Audited Accounts for the 12 month period ending 31 December 2022 | 1 March 2023 | 30 June 2025 |

(b) Vesting Condition

It is a condition of vesting that the Company has been admitted to the Official List (Vesting Condition).

(c) Vesting

Subject to the satisfaction of the Vesting Condition, the Company will notify the Holder in writing (Vesting Notice) within 3 Business Days of becoming aware that the relevant Milestone has been satisfied.

(d) Exercise

Upon receipt of a Vesting Notice, the Holder may apply to exercise Performance Rights by delivering a signed notice of exercise to the Company Secretary, in the form set out in Schedule attached to the offer letter (Notice of Exercise) prior to the Expiry Date. The Holder is not required to pay a fee in order to exercise the Performance Rights.

(e) Milestone Date

To the extent that a Milestone for a Performance Right has not been satisfied by the milestone date as specified in condition 8.3(a) (Milestone Date), each Performance Right will lapse on the Milestone Date.

(f) Expiry Date

Any Performance Rights that has not been exercised prior to the date that is specified in condition 8.3(a) (Expiry Date) and have not lapsed in accordance with clause 8.3(e), will expire and lapse on the Expiry Date.

(g) Transfer

The Performance Rights are not transferable.

(h) Entitlements and bonus issues

Subject always to the rights under condition 8.3(ii) (Reorganisation of Capital), Holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.

(i) Reorganisation of capital

In the event that the issued capital of the Company is reconstructed, all the Holder's rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the Holder's economic and other rights are not diminished or terminated.

(j) Right to receive Notices and attend general meetings

Each Performance Right confers on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of the Company.

(k) Voting rights

A Performance Right does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.

(l) Dividend rights

A Performance Right does not entitle the Holder to any dividends.

(m) Return of capital rights

The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(n) Rights on winding up

The Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

(o) Change in control

(i) If prior to the earlier of the conversion or the Expiry Date a Change in Control Event occurs, then each Performance Right will automatically and immediately convert into a Share. However, if the number of Shares to be issued as a result of the conversion of the Performance Rights is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of Performance Rights to be converted will be reduced so that the aggregate number of Shares to be issued on conversion of the Performance Rights is equal to 10% of the entire fully diluted share capital of the Company.

(ii) A Change of Control Event occurs when:

(A) takeover bid: the occurrence of the offeror under a takeover offer in respect of all shares announcing that it has achieved acceptances in

respect of more than 50.1% of shares and that takeover bid has become unconditional; or

- (B) scheme of arrangement: the announcement by the Company that the Company's shareholders (Shareholders) have at a Court-convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Company securities are to be either cancelled transferred to a third party, and the Court, by order, approves the proposed scheme of arrangement.

- (iii) The Company must ensure the allocation of shares issued under sub-paragraph 8.3(o)(i) is on a pro rata basis to all Holders in respect of their respective holdings of Performance Rights and all remaining Performance Rights held by each Holder will remain on issue until conversion or expiry in accordance with the terms and conditions set out herein.

(p) Issue of Shares

As soon as practicable after the later of the following:

- (i) the Company receives a Notice of Exercise or the Performance Rights convert under condition 8.3(o)(i); and
- (ii) when excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (iii) issue the Shares specified in the Notice of Exercise;
- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Performance Rights.

If the Company is unable to deliver a notice under condition 8.3(p)(iv) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Shares issued on exercise of the Performance Rights may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

All Shares issued upon the conversion of Performance Rights will upon issue rank *pari passu* in all respects with other Shares.

(q) Quotation

Performance Rights will not be quoted on ASX. On conversion of Performance Rights into Shares, the Company will apply for quotation in accordance with condition 8.3(p)(iv).

(r) No other rights

A Performance Right does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(s) Amendments required by ASX

The terms of the Performance Rights may be amended as considered necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

8.4 ASX Waiver

Listing Rule 1.1 (Condition 12) sets out that if an entity seeking admission to the Official List has options or performance rights on issue, the exercise price for each underlying security must be at least 20 cents in cash. This rule supports Listing Rule 2.1 (Condition 2) which requires the issue price or sale price of all securities for which an entity is seeking quotation (except options) upon admission to the Official List to be at least 20 cents in cash. These requirements together support the integrity of the ASX market, as they demonstrate that the entity's ordinary securities have a minimum value suitable for a listed entity.

ASX has granted the Company an in-principle waiver confirming that on receipt of an application for Admission from the Company, ASX would be likely to grant the Company a waiver from Listing Rule 1.1 (Condition 12) to the extent necessary to permit the Company to have on issue 3,277,900 Performance Rights with an exercise price less than \$0.20, on condition that the material terms and conditions of the performance rights are clearly disclosed in the Prospectus (In-principle Waiver).

The terms of the Performance Rights are set out in Section 8.3.

The In-principle Waiver only applies to 19 November 2020 and is subject to any amendments to the Listing Rules or changes in the interpretation or administration of the Listing Rules and policies of ASX.

8.5 Summary of the Plan

The Company has adopted an employee securities incentive plan, a summary of which is set out below. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. It is intended that both the Executive and Non-Executive Directors will participate in the Plan. No securities have been issued under this Plan.

(a) Eligible Participant

"Eligible Participant" means a person that:

- (i) is an 'eligible participant' (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
- (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.

(b) Maximum allocation

The Company must not make an offer of Securities under the Plan where the total number of Plan Shares that may be issued, or acquired upon exercise of Plan Convertible Securities offered, when aggregated with the number of Shares issued or that may be issued as a result of offers made under the Plan at any time during the previous 3 year period would exceed 5% of the total number of Shares on issue at the date of the offer.

The maximum number of equity securities proposed to be issued under the Plan for the purposes of the Listing Rules is 10,000,000 (ASX Limit), meaning that the Company may issue up to the ASX Limit under the Plan, without seeking Shareholder Approval and without reducing its placement capacity under Listing Rule 7.1.

(c) Purpose

The purpose of the Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) link the reward of Eligible Participants to Shareholder value creation; and
- (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate) by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

(d) Plan administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

(e) Eligibility, invitation and application

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

(f) Grant of Securities

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

(g) Terms of Convertible Securities

Each Convertible Security represents a right to acquire one or more Shares, subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over, collateralise a margin loan against, utilise for the purposes of short selling, enter into a Derivative with reference to, or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them. For the avoidance of doubt, a Participant includes any contractor or consultant to a member of the Group.

(h) Vesting

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

(i) Exercise of Options and cashless exercise

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the Convertible Security exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

"Market Value" means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

(j) Delivery of Shares on exercise of Convertible Securities

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

(k) Forfeiture of Convertible Securities

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, acted negligently, acted in contravention of a certain Group policy or wilfully breached his or her duties to the Group (including but not limited to breaching a material term of an employment, executive services or consultancy agreement), the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

A Participant may by written notice to the Company voluntarily forfeit their Convertible Securities for no consideration.

(l) Change in control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

(m) Rights attaching to Plan Shares

All Shares issued or transferred to a Participant upon the valid exercise of a Convertible Security (Plan Shares) will rank *pari passu* in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

(n) Disposal restrictions on Plan Shares

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

(o) Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company pro rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

(p) Participation in new issues

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

(q) Amendment of Plan

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

(r) Plan duration

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the

occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

8.6 Effects of the Offers on control and substantial Shareholders

Those Shareholders holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are as follows.

| Name | Number of Shares | % of Shares |
|--------------------------------|------------------|-------------|
| Matthew Freedman ¹ | 8,333,333 | 33.1 |
| Mark Davis ² | 8,333,333 | 33.1 |
| Laurence Freedman ³ | 4,166,667 | 16.5 |
| Bahen Bros Pty Ltd | 2,778,053 | 11.0 |
| George Garnett ⁴ | 1,598,614 | 6.3 |

Notes:

1. This comprises 8,333,333 Shares held by Rangehill Holdings Pty Ltd ATF the Calypso Family Trust. Mr Matthew Freedman is the sole Director of Rangehill Holdings Pty Ltd and a beneficiary under the Calypso Family Trust. Note that Mr Laurence Freedman is not an associate but is the father of Mr Matthew Freedman.
2. Comprised of 8,333,333 Shares held by Jezac Pty Ltd ATF MJAC SIVAD Trust. Mr Mark Davis is the sole Director of Jezac Pty Ltd and a beneficiary under the MJAC SIVAD Trust.
3. 4,166,667 Shares held by Valentino Holdings Pty Ltd ATF the Enrica Family Trust, an entity controlled by Mr Laurence Freedman, the father of Mr Matthew Freedman.
4. 1,598,614 Shares held by JHAC Pty Ltd, of which Mr George Garnett is the sole Director and Prevost & Co Pty Ltd ATF the Prevost & Co Investment Trust (of which Mr George Garnett is the sole Director and Shareholder) is the sole Shareholder.

Based on the information known as at the date of this Prospectus, on Admission the following persons will have an interest in 5% or more of the Shares on issue:

| Name | Number of Shares | % of Shares |
|--------------------------------|------------------|-------------|
| Matthew Freedman ¹ | 8,333,333 | 15.1 |
| Mark Davis ² | 8,333,333 | 15.1 |
| Laurence Freedman ³ | 10,975,168 | 19.9 |
| Bahen Bros Pty Ltd | 5,248,864 | 9.5 |

Notes:

1. This comprises 8,333,333 Shares held by Rangehill Holdings Pty Ltd ATF the Calypso Family Trust. Mr Matthew Freedman is the sole Director of Rangehill Holdings Pty Ltd and a

beneficiary under the Calypso Family Trust. Note that Mr Laurence Freedman is not an associate but is the father of Mr Matthew Freedman.

2. Comprised of 8,333,333 Shares held by Jezac Pty Ltd ATF MJAC SIVAD Trust. Mr Mark Davis is the sole Director of Jezac Pty Ltd and a beneficiary under the MJAC SIVAD Trust.
3. Mr Laurence Freedman is the father of Mr Matthew Freedman (an Executive Director of the Company) and:
 - (a) is the sole director and controller of Valentino Holdings Pty Ltd ATF the Enrica Family Trust, which holds 4,166,667 Shares in the Company;
 - (b) is the sole director and controller of Freeval Pty Ltd, the sole shareholder of Ganan Capital, which, subject to the satisfaction of the Conversion Event, will be issued 2,470,811 Loan Shares; and
 - (c) under the Commitment Letter, intends to subscribe for 4,337,690 Shares under the Public Offer.

8.7 Interests of Promoters, Experts and Advisers

- (a) No interest except as disclosed

Other than as set out below or elsewhere in this Prospectus, no persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the date of this Prospectus, or held at any time during the last 2 years, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (iii) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offers.

- (b) Share registry

Automatic Pty Ltd has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

- (c) Auditor

BDO Audit (WA) Pty Ltd has been appointed to act as auditor to the Company. The Company estimates it will pay BDO Audit (WA) Pty Ltd a total of \$35,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, BDO Audit (WA) Pty Ltd has not provided any other services to the Company.

- (d) Australian legal adviser

HWL Ebsworth Lawyers (HWLE) has acted as the Australian solicitors to the Company in relation to the Offers. The Company estimates it will pay HWLE \$85,000 (excluding GST)

for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, HWLE has not provided any other services to the Company.

(e) Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Annexure A of this Prospectus. The Company estimates it will pay BDO Corporate Finance (WA) Pty Ltd a total of \$15,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, BDO Corporate Finance (WA) Pty Ltd has not provided any other services to the Company.

(f) Lead Manager

JP Equity Partners has acted as the Lead Manager to the Public Offer. Details of the payments to be made to the Lead Manager are set out in Sections 1.8 and 7.1. During the 24 months preceding lodgement of this Prospectus with ASIC, the Lead Manager has not provided services to the Company.

8.8 Consents

(a) Each of the parties referred to below:

- (i) does not make the Offers;
- (ii) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- (iii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

(b) Share Registry

Automic has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Share Registry of the Company in the form and context in which it is named.

(c) Auditor

BDO Audit (WA) Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as auditor of the Company in the form and context in which it is named.

(d) Australian legal adviser

HWLE has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Australian legal adviser to the Company in the form and context in which it is named.

(e) Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Investigating Accountant's Report in the form and context in which it is included.

(f) Lead Manager

JP Equity Partners has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Lead Manager to the Public Offer in the form and context in which it is named.

8.9 Expenses of Offers

The total approximate expenses of the Offers payable by the Company are:

| | \$ |
|---|---------|
| ASIC Lodgement Fee | 3,000 |
| ASX Quotation Fee | 80,000 |
| Legal Fees | 85,000 |
| Investigating Accountant Fees | 15,000 |
| Audit Fees | 35,000 |
| Payments to Lead Manager ¹ | 250,000 |
| Share Registry, Printing, Postage and Administration Fees | 14,000 |
| Total | 482,000 |

Note: Details of the payments to be made to the Lead Manager are set out in Section 7.1.

8.10 Continuous Disclosure Obligations

Following Admission, the Company will be a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities (unless a relevant exception to disclosure applies). Price sensitive information will be publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

8.11 Litigation

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

8.12 Electronic Prospectus

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Securities in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the relevant electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

8.13 Documents available for inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 8.8 of this Prospectus.

8.14 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 6 and Annexure A, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

9. Authorisation

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:

A handwritten signature in black ink, appearing to read 'Garret Dixon', followed by a colon.

Garret Dixon
Non-Executive Chairman
Dated: 26 June 2020

10. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

| Term | Meaning |
|-----------------------------|---|
| A\$ or \$ | means Australian dollars. |
| Action Drill & Blast | means Action Drill & Blast Pty Ltd ACN 144 682 413. |
| Admission | means admission of the Company to the Official List, following completion of the Offers. |
| Affected Party | has the meaning given in Section 7.8. |
| Alcoa Corporation | means Alcoa of Australia Limited ACN 004 879 298, a majority owned subsidiary of Alcoa Corporation (NYSE:AA). |
| Annexure | means an annexure to this Prospectus. |
| Applicant | means a person who submits an Application Form. |
| Application | means a valid application for Securities pursuant to this Prospectus. |
| Application Forms | means the application forms attached to this Prospectus. |
| Application Monies | means application monies for Shares under the Offers received and banked by the Company. |
| ASIC | means the Australian Securities and Investments Commission. |
| Associated Bodies Corporate | has the meaning given to that term in ASIC Class Order 14/1000. |
| ASX | means ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it. |
| ASX Settlement | means ASX Settlement Pty Limited ACN 008 504 532. |
| ASX Settlement Rules | means ASX Settlement Operating Rules of ASX Settlement. |
| ATF | means as trustee for. |
| Atlas Iron | means Atlas Iron Pty Ltd ACN 110 396 168. |
| Audited Accounts | means the Company's audited or reviewed financial statements for the relevant financial year and half years, none of which may be subject to a disclaimed or qualified audit opinion. |
| Aurizon | means Aurizon Holdings Limited ACN 146 335 622. |
| Ausdrill | means Ausdrill Limited ACN 009 211 474 (trading as Perenti Global). |
| Bahen Bros | means Bahen Bros Pty Ltd ACN 611 408 792. |

| Term | Meaning |
|-----------------------------|--|
| Board | means the board of Directors of the Company. |
| Brandrill | means Brandrill Limited ACN 061 845 529(deregistered). |
| Business Day | means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Australia. |
| Canaccord Genuity Australia | means Canaccord Genuity (Australia) Limited ACN 075 071 466. |
| CEO | means chief executive officer. |
| Change of Control Event | has the meaning given in Section 8.3(o)(i). |
| Chattel Mortgages | has the meaning given in Section 7.9(b). |
| CHESS | means the Clearing House Electronic Subregister System operated by ASX Settlement. |
| Closing Date | means the date that the Offer closes which is 5.00pm (WST) on 24 July 2020 or such other time and date as the Board determines. |
| Commitment Letter | has the meaning given in Section 1.16. |
| Commitment Shares | has the meaning given in Section 7.6. |
| Company | means Dynamic Drill and Blast Holdings Ltd ACN 640 888 213. |
| Constitution | means the constitution of the Company. |
| Conversion | means the date when the Long Term Lenders convert the LT Principal into Shares at a conversion price of \$0.14 per Share. |
| Conversion Event | means upon or immediately after the date that the Company receives a conditional admission letter from the ASX. |
| Cooper Partners | means Cooper Partners Pty Ltd ACN 114 038 283. |
| Corporations Act | means the <i>Corporations Act 2001</i> (Cth). |
| Davis Agreement | has the meaning given in Section 7.2. |
| DDB | means Dynamic Drill & Blast Pty Ltd ACN 153 894 403. |
| Derivative | includes: <ul style="list-style-type: none"> derivatives within the meaning given in section 761D of the Corporations Act (such as options, forward contracts, swaps, futures, warrants, caps and collars); and |

| Term | Meaning |
|--------------------------|---|
| | <ul style="list-style-type: none"> any other transaction in financial products which operate to limit (in any way) the economic risk associated with holding the relevant securities. |
| Directors | means the directors of the Company. |
| EBITDA | means earnings before interest, depreciation and amortisation, as set out in the profit and loss statement of the Audited Accounts, based on inputs calculated in accordance with Australian accounting standards and reviewed by the Company's auditors. |
| Emeco | means Emeco Holdings Limited ACN 112 188 815. |
| EFSA | means Epiroc Financial Solutions Australia Pty Ltd ACN 120 897 538. |
| Electronic Prospectus | means the electronic copy of this Prospectus located at the Company's website https://dynamicdrillandblast.com.au/ . |
| Executive Directors | means the executive directors of the Company, as appointed from time to time. |
| Existing Option | means the unquoted Options currently on issue in the Company, on the terms set out in Section 8.2. |
| Expiry Date | has the meaning given in Section 8.3(f). |
| Exposure Period | means the period of seven days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than seven days pursuant to section 727(3) of the Corporations Act. |
| Figure | means a figure in this Prospectus. |
| Finance Lease Agreements | has the meaning given in Section 7.9(a). |
| FM | means force majeure. |
| FMG | means Fortescue Metals Group Limited ACN 002 594 872. |
| FMG Head Contract | has the meaning given in Section 7.8. |
| FMG Subcontract | has the meaning given in Section 7.8. |
| Freedman Agreement | has the meaning given in Section 7.3. |
| Freeval Pty Ltd | means Freeval Pty Ltd ACN 163 874 324. |
| Galaxy Lithium | means Galaxy Lithium Australia Ltd ACN 130 182 099, a wholly owned subsidiary of Galaxy Resources. |
| Galaxy Resources | means Galaxy Resources Ltd ACN 071 976 442. |
| Ganan Capital | means Ganan Capital Pty Ltd 114 452 292. |

| Term | Meaning |
|------------------------------------|---|
| Gindalbie Metals Ltd | means Gindalbie Metals Ltd ACN 060 857 614. |
| Group | means the Company and its wholly owned subsidiary, DDB. |
| GST | means Goods and Services Tax. |
| Gunsynd PLC | means Gunsynd PLC (LSE:GUN). |
| Henry Walker Eltin Ltd | means Henry Walker Eltin Group Limited ACN 007 710 483. |
| Holder | means a holder of a Performance Right. |
| Indicative Timetable | means the indicative timetable for the Offers on page viii of this Prospectus. |
| Indus Civil & Mining | means Indus Mining Services Pty Ltd ACN 129 804 968. |
| In-principle Waiver | has the meaning given in Section 8.4. |
| Investigating Accountant | means BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045). |
| Investigating Accountant's Report | means the report contained in Annexure A. |
| Issue Date | means the date, as determined by the Directors, on which the Shares offered under this Prospectus are allotted, which is anticipated to be the date identified in the Indicative Timetable. |
| JHAC | means JHAC Pty Ltd ACN 632 264 405. |
| JobKeeper | means the temporary JobKeeper Payment scheme, a wage subsidy program to assist businesses cover the cost of their employee's wages until 27 September 2020, introduced on the 30 March 2020 by the Australian Government for eligible employers and employees significantly impacted by COVID-19. |
| Key Advisors | means the Lead Manager and the Corporate Advisor. |
| Lead Manager or JP Equity Partners | means JP Equity Holdings Pty Ltd ACN 626 933 364 . |
| Lead Manager Mandate | has the meaning given in Section 7.1. |
| Lead Manager Offer | means the offer of 750,000 Lead Manager Options to be issued to the Lead Manager (or its nominees) in part consideration for capital raising services provided to the Company. |
| Lead Manager Options | means the 750,000 unquoted Options to be issued to the Lead Manager (or its nominees) at an issue price of \$0.0001 per Option, an exercise price of \$0.25 per Option and an expiry date of 3 years from the date of issue. |

| Term | Meaning |
|------------------------------|---|
| Letter Deed | means the letter deed entered into between DDB, Bahen Bros, Ganan Capital and the Company to convert the LT Principal into Shares. |
| Listing Rules | means the listing rules of ASX. |
| Loan Shares | means convertible securities issued under the Convertible Letter Deed, which upon the Company completion of a Public Offer, convert into Shares. |
| Long Term Lenders | means Bahen Bros and Ganan Capital. |
| Long Term Loan Agreements | means the separate long term loan agreements between DDB and the Long Term Lenders. |
| Low Hour | means machines that have been used for less hours than the number of hours recommended by the manufacturer as being the threshold for undertaking a mid-life maintenance program. |
| LT Outstanding Interest | means the interest accrued on the LT Principal at an interest rate of 5.5% per annum from 1 May 2020. |
| LT Principal | means the aggregate principal advanced to DDB under the Long Term Loan Agreements. |
| MACA | means MACA Limited ACN 144 745 782. |
| Milestone Date | has the meaning given in Section 8.3(e). |
| Minimum Subscription | means the raising of \$5,000,000 (before costs) pursuant to the Public Offer. |
| Mitchell Corporation | means Mitchell Corp Australia Pty Ltd ACN 104 122 483 (subsequently acquired by Toll Holdings Limited ACN 006 592 089). |
| MLG (Oz) Ltd | means MLG (Oz) Limited ACN 102 642 366. |
| MTD Drill & Blast Consulting | means MTD Drill & Blast Consulting Pty Ltd ACN 117 289 764 (deregistered). |
| Offer Period | means the period of time commencing on the Opening Date and ending on the Closing Date. |
| Offers | means the Public Offer and Lead Manager Offer. |
| Offer Price | means \$0.20 per Share under the Public Offer. |
| Official List | means the official list of ASX. |
| Official Quotation | means official quotation by ASX in accordance with the Listing Rules. |
| Opening Date | means the date specified as the opening date in the Indicative Timetable. |
| Option | means an option to acquire a Share. |

| Term | Meaning |
|-----------------------------|---|
| Optionholder | means a holder of one or more Options. |
| Perenti Global | means Perenti Global Limited ACN 009 211 474. |
| Performance Right | means any one of a Class A, B C or D performance right in the Company on the terms and conditions set out in Section 8.3. |
| Plan | means the Dynamic Drill and Blast Holdings Limited Employee Incentive Securities Plan. |
| Plan Convertible Securities | means convertible securities issued under the Plan, which upon exercise or conversion, convert into Shares. |
| Plan Shares | means Shares issued under the Plan. |
| Public Offer | means the offer by the Company, pursuant to this Prospectus, of 25,000,000 Shares at the Offer Price to raise \$5,000,000 (before costs). |
| Prevost & Co Pty Ltd | means Prevost & Co Pty Ltd ACN 641 269 810. |
| Prospectus | means this prospectus dated 26 June 2020. |
| QHM | means Q H & M Birt Pty Ltd ACN 009 963 222. |
| Relevant Interest | has the meaning given in the Corporations Act. |
| Revenue | means revenue derived from the Company's operating activities as set out in its audited financial statements and calculated in accordance with Australian accounting standards. |
| Rio Tinto | means Rio Tinto Limited ACN 004 458 404. |
| Rock On Ground | Means Rock On Ground Pty Ltd ACN 113 867 815. |
| Section | means a section of this Prospectus. |
| Securities | means any securities, including Shares, Options or performance rights, issued or granted by the Company. |
| Share | means a fully paid ordinary share in the capital of the Company. |
| Share Registry | means Automic Pty Ltd ACN 152 260 814. |
| Shareholder | means a holder of one or more Shares. |
| Short Term Lenders | means Ganan Capital, Bahen Bros and JHAC. |
| Short Term Loans | means the combined loan amounts of each Short Term Loan Agreement. |
| Short Term Loan Agreements | means the separate short term loan agreements between DDB and the Short Term Lenders |

| Term | Meaning |
|----------------|--|
| STI | means short-term incentive. |
| Supplier | means Epiroc Australia Pty Ltd ACN 000 086 706. |
| Toyota Finance | means Toyota Finance Australia Limited ABN 48 002 435 181. |
| VWAP | refers to the volume weighted average price of the Shares. |
| WorleyParsons | means Worley Limited ACN 096 090 158. |
| WST | means Western Standard Time, being the time in Perth, Western Australia. |

Annexure A Investigating Accountant's Report





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Australia

25 June 2020

The Directors
Dynamic Drill and Blast Holdings Limited
7 Goongarrie Street,
Bayswater WA 6053

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by Dynamic Drill and Blast Holdings Limited ('DDB Holdings' or 'the Company') to prepare this Independent Limited Assurance Report ('Report') in relation to certain financial information of DDB Holdings, for the Initial Public Offering ('IPO') of shares in DDB Holdings, for inclusion in the Prospectus.

DDB Holdings was incorporated on 13 May 2020. DDB Holdings will acquire the entire issued capital of Dynamic Drill and Blast Pty Ltd ('DDB') and apply for admission to the Australian Securities Exchange ('ASX'). Broadly, the Prospectus will offer 25,000,000 shares at \$0.20 per share to raise \$5,000,000 before costs ('the Public Offer'). The Prospectus also incorporates the offer of up to 750,000 options to be issued to the Lead Manager (or its nominees) in part consideration for capital raising services provided to the Company ('Lead Manager Offer'), (collectively the 'Offers').

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158) and our Financial Services Guide ('FSG') has been included in this report in the event you are a retail investor. Our FSG provides you with information on how to contact us, our services, remuneration, associations, and relationships.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

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BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 AFS Licence No 316158 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the **'Historical Financial Information'**) of DDB Holdings and DDB (collectively **'the Group'**) included in the Prospectus:

- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for DDB Holdings for the period from incorporation to 31 May 2020;
- the audited historical Statement of Financial Position of DDB Holdings as at 31 May 2020;
- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for DDB for the years ended 30 June 2018 and 30 June 2019;
- the reviewed historical Statement of Profit and Loss and Other Comprehensive Income and Statement of Cash Flows for DDB for the half years ended 31 December 2018 and 31 December 2019; and
- the reviewed historical Statement of Financial Position of DDB as at 31 December 2019.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Group's adopted accounting policies.

The Historical Financial Information for DDB Holdings has been extracted from the financial report for the period from incorporation to 31 May 2020 which was audited by BDO Audit (WA) Pty Ltd (**'BDO Audit'**) in accordance with the Australian Auditing Standards.

The Historical Financial Information of DDB has been extracted from the financial reports of DDB for the years ended 30 June 2018 and 30 June 2019 which were audited by BDO Audit in accordance with the Australian Auditing Standards. DDB's Historical Financial Information has been extracted from the financial report of DDB for the half year ended 31 December 2018 and 31 December 2019 which were reviewed by BDO Audit in accordance with the review provisions of the Australian Auditing Standards.

BDO Audit issued an unmodified audit opinion on the financial report of DDB Holdings for the period from incorporation to 31 May 2020. BDO Audit issued an unmodified audit opinion on the financial reports of DDB for the years ended 30 June 2018 and 30 June 2019. BDO Audit issued an unmodified review opinion on the financial report of DDB for the half years ended 31 December 2018 and 31 December 2019.

In each of the audit and review conclusions, BDO Audit included an emphasis of matter relating to the material uncertainty around the ability to continue as a going concern and therefore the companies may be unable to realise their assets and discharge their liabilities in the normal

course of business. However, the review opinion and audit opinions were not modified in respect of this matter.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the '**Pro Forma Historical Financial Information**') of DDB and DDB Holdings included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 31 December 2019.

The Pro Forma Historical Financial Information has been derived from the historical financial information of DDB Holdings and DDB, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Group's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by DDB Holdings to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on DDB Holdings and DDB's financial position as at 31 December 2019. As part of this process, information about DDB Holdings' financial position has been extracted by the Company from its audited financial statements for the period from incorporation to 31 May 2020. Information about DDB's financial position has been extracted by DDB from its reviewed financial statements for the half year ended 31 December 2019.

3. Directors' responsibility

The directors of DDB Holdings are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for DDB Holdings for the period from incorporation to 31 May 2020;
- the audited historical Statement of Financial Position of DDB Holdings as at 31 May 2020;
- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for DDB for the years ended 30 June 2018 and 30 June 2019;
- the reviewed historical Statement of Profit and Loss and Other Comprehensive Income and Statement of Cash Flows for DDB for the half years ended 31 December 2018 and 31 December 2019; and
- the reviewed historical Statement of Financial Position of DDB as at 31 December 2019,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

- the pro forma historical Statement of Financial Position of DDB Holdings as at 31 December 2019

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

The pro forma statement of financial position reflects the following events that have occurred subsequent to the period ended 31 December 2019:

- On 12 March 2020, parties including DDB shareholders advanced approximately \$1,000,000 in cash to provide short term working capital to DDB. The short term borrowings and the cash and cash equivalents have been increased by \$1,000,000 to reflect this advance;
- The Company has issued 6,722,100 options exercisable at \$0.30, with an expiry date that is three years from issue to Board members and existing shareholders ('**Existing Options**'). The Existing Options have been valued at \$470,547 using the Black Scholes option pricing model. The issue of the Existing Options is reflected in the pro forma statement of financial position by an increase in reserves and an increase in accumulated losses; and

- The Company has 3,277,900 performance rights on issue, which vest subject to the Company being admitted to the official list of ASX ('Official List'). In addition to the listing condition, there are also milestone conditions which must be achieved in order for the performance rights to vest. These milestone conditions are detailed in section 8.3 of the Prospectus and are also included under note 6 of Our Report. In accordance with AASB 2: *Share based payment*, the value of the performance rights are to be expensed over the vesting period. Therefore, as at the pro forma date, no adjustment has been made to account for the vesting of these performance rights.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of DDB Holdings or DDB not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 1. This has been prepared based on the Company's statement of financial position at 31 May 2020, DDB's statement of financial position at 31 December 2019, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- Pursuant to the Public Offer, DDB Holdings will issue 25,000,000 shares at an offer price of \$0.20 each to raise \$5,000,000 before costs;
- The total cash costs of the Offers are estimated to be \$482,000, with those costs directly attributable to the capital raising being \$178,964. These costs are offset against contributed equity. The remaining costs of the Offers of \$303,036, which are not directly attributable to the capital raising are expensed through retained earnings;
- Shares are to be issued to Bahen Bros Pty Ltd ('Bahen Bros') and Ganan Capital Pty Ltd ('Ganan Capital') in satisfaction of \$691,827 in debt owed by the Company. On conversion, the Company will issue 4,941,622 shares at a conversion price of \$0.14 per share. The shares issued on conversion of the debt have been valued at \$0.20 per share, based on the proposed Public Offer price. The discount between the value of the shares and the conversion price (\$296,497) represents a financing charge and is expensed through accumulated losses;
- The reserves balance has been adjusted to reflect the proposed issue of 750,000 options exercisable at \$0.25, with an expiry date that is three years from issue to the lead manager ('Lead Manager Options'). The Lead Manager Options have been valued at \$59,250 using the Black Scholes option pricing model and have been offset against contributed equity as a cost of the Public Offer;
- On acquisition of DDB by DDB Holdings, the accumulated losses of DDB Holdings have been eliminated and transferred to reserves;
- The investment in subsidiary balance has been adjusted to eliminate the investment in DDB held by DDB Holdings on acquisition;
- As detailed in the use of funds section of the Prospectus, the Company will repay debt of \$500,000 from the proceeds of the Public Offer. The current portion of borrowings and cash and cash equivalents have been reduced to reflect this repayment;

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO is the auditor of both DDB Holdings and DDB.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Sherif Andrawes

Director

APPENDIX 1

DYNAMIC DRILL AND BLAST HOLDINGS LIMITED

PRO-FORMA STATEMENT OF FINANCIAL POSITION

| Pro-forma Statement of Financial Position | Notes | Reviewed Dynamic Drill and Blast Pty Ltd 31-Dec-19 \$ | Audited Dynamic Drill and Blast Holdings Limited 31-May-20 \$ | Subsequent events \$ | Pro-forma adjustments \$ | Pro-forma after Offers \$ |
|---|-------|--|--|----------------------------|--------------------------------|---------------------------------|
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | 1 | 1,317,684 | - | 1,000,000 | 4,018,000 | 6,335,684 |
| Investment in subsidiary | 2 | - | 306 | - | (306) | - |
| Trade and other receivables | | 1,402,614 | - | - | - | 1,402,614 |
| Other | | 43,819 | - | - | - | 43,819 |
| TOTAL CURRENT ASSETS | | 2,764,117 | 306 | 1,000,000 | 4,017,694 | 7,782,117 |
| NON-CURRENT ASSETS | | | | | | |
| Property, plant and equipment | | 597,315 | - | - | - | 597,315 |
| Right of use asset | | 1,300,877 | - | - | - | 1,300,877 |
| Deferred tax | | 610,769 | - | - | - | 610,769 |
| Other | | 493 | - | - | - | 493 |
| TOTAL NON-CURRENT ASSETS | | 2,509,454 | - | - | - | 2,509,454 |
| TOTAL ASSETS | | 5,273,571 | 306 | 1,000,000 | 4,017,694 | 10,291,571 |
| CURRENT LIABILITIES | | | | | | |
| Trade and other payables | | 2,138,540 | - | - | - | 2,138,540 |
| Accrued expenses | | - | 3,251 | - | - | 3,251 |
| Borrowings | 3 | 514,961 | - | 1,000,000 | (500,000) | 1,014,961 |
| Lease liability | | 1,184,123 | - | - | - | 1,184,123 |
| Employee benefits | | 226,723 | - | - | - | 226,723 |
| Other | | 6,885 | - | - | - | 6,885 |
| TOTAL CURRENT LIABILITIES | | 4,071,232 | 3,251 | 1,000,000 | (500,000) | 4,574,483 |
| NON-CURRENT LIABILITIES | | | | | | |
| Borrowings | 4 | 765,239 | - | - | (691,827) | 73,412 |
| Lease liability | | 922,836 | - | - | - | 922,836 |
| TOTAL NON-CURRENT LIABILITIES | | 1,688,075 | - | - | (691,827) | 996,248 |
| TOTAL LIABILITIES | | 5,759,307 | 3,251 | 1,000,000 | (1,191,827) | 5,570,731 |
| NET ASSETS | | (485,736) | (2,945) | - | 5,209,521 | 4,720,840 |
| EQUITY | | | | | | |
| Issued capital | 5 | 306 | 306 | - | 5,625,732 | 5,626,344 |
| Reserves | 6 | - | - | 470,547 | 55,999 | 526,546 |
| Accumulated losses | 7 | (486,042) | (3,251) | (470,547) | (472,210) | (1,432,050) |
| TOTAL EQUITY | | (485,736) | (2,945) | - | 5,209,521 | 4,720,840 |

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We note that the pro forma statement of financial position does not account for working capital movements over the period to completion. We have been advised that the net operating profit of DDB Holdings over the period from 1 June 2020 to 19 June 2020 is \$nil and its cash and cash equivalents at 19 June 2020 is \$nil. Similarly, the net operating profit of DDB over the period from 1 January 2020 to 31 May 2020 is \$472,896 and its cash and cash equivalents at 31 May 2020 is \$772,538.

The pro-forma statement of financial position after the Offers is as per the statement of financial position before the Offers adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 6 and the prior year financial information set out in Appendix 2, Appendix 3, Appendix 4 and Appendix 5.

APPENDIX 2
DYNAMIC DRILL AND BLAST HOLDINGS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| Statement of Profit or Loss and Other Comprehensive Income | Audited for the period from incorporation to 31-May-20 |
|--|--|
| | \$ |
| Revenue | - |
| Other income | - |
| Listing fees | (3,251) |
| Finance costs | - |
| Profit /(loss) before income tax expense | (3,251) |
| Income tax expenses | - |
| Profit /(loss) after income tax expense for the period attributable to the owners of DDB Holdings | (3,251) |
| Other comprehensive income/ (loss) | |
| Items that may be reclassified to profit or loss: | |
| - Nil | - |
| Total comprehensive profit/ (loss) for the period | (3,251) |

This statement of profit or loss and other comprehensive income shows the historical financial performance of the Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 6.

APPENDIX 3
DYNAMIC DRILL AND BLAST PTY LTD
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| Statements of Profit or Loss and Other Comprehensive Income | Reviewed for the half year ended 31-Dec-19 | Audited for the year ended 30-Jun-19 | Reviewed for the half year ended 31-Dec-18 | Audited for the year ended 30-Jun-18 |
|---|--|--|--|--|
| | \$ | \$ | \$ | \$ |
| Revenue | 7,826,228 | 19,068,888 | 9,234,790 | 12,972,705 |
| Gross profit | 7,826,228 | 19,068,888 | 9,234,790 | 12,972,705 |
| Other income | (13,800) | 213,588 | 10,540 | (19,633) |
| Finance income | 141 | 32 | - | 414 |
| Expenses | | | | |
| Operating expenses | (5,654,767) | (12,521,987) | (6,355,801) | (8,510,632) |
| Employee benefits expense | (175,603) | (236,860) | (85,827) | (266,942) |
| Employment expense | (1,980,126) | (3,853,870) | (1,991,241) | (3,482,235) |
| Depreciation and amortisation expense | (100,484) | (187,856) | (90,029) | (207,137) |
| Doubtful debts | - | 127,880 | 155,133 | (338,733) |
| Travel & accommodation | (378,519) | (604,613) | (228,881) | (181,071) |
| Vehicle expense | (88,259) | (196,114) | (94,353) | (297,696) |
| Other expenses | (80,482) | (523,395) | (252,702) | (232,091) |
| Finance costs | (20,198) | (22,618) | (22,194) | (20,713) |
| Profit /(loss) before income tax expense | (665,869) | 1,263,075 | 279,435 | (583,764) |
| Income tax benefit/ (expense) | 184,146 | 263,174 | 441,372 | (662) |
| Profit /(loss) after income tax for the period attributable to the owners of Dynamic Drill and Blast Pty Ltd | (481,723) | 1,526,249 | 720,807 | (584,426) |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income/(loss) for the period | (481,723) | 1,526,249 | 720,807 | (584,426) |

These statements of profit or loss and other comprehensive income show the historical financial performance of DDB and are to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 6.

The table below sets out the impact on the statements of profit or loss and other comprehensive income if AASB 16: Leases had been adopted throughout the review period.

| Prior Adoption of AASB 16 | Half year ended 31-Dec-19 | Year ended 30-Jun-19 | Half year ended 31-Dec-18 | Year ended 30-Jun-18 |
|---|------------------------------|-------------------------|------------------------------|-------------------------|
| | \$ | \$ | \$ | \$ |
| Profit before tax | (481,723) | 1,526,249 | 720,807 | (584,426) |
| Adjustments as a result of the Leases | | | | |
| Movement in depreciation expense | - | (1,217,928) | (606,585) | (470,753) |
| Movement in lease interest | - | (97,639) | (53,765) | (47,153) |
| Movement in lease expense | - | 900,089 | 453,063 | 339,000 |
| Profit /(loss) after income tax expense for the period after adoption of AASB 16 | (481,723) | 1,110,771 | 513,520 | (763,332) |

APPENDIX 4
DYNAMIC DRILL AND BLAST HOLDINGS LIMITED
STATEMENT OF CASH FLOWS

| Statement of Cash Flows | | Audited for the period from incorporation to 31-May-20 \$ |
|---|--|--|
| Cash flows from operating activities | | |
| Payments to suppliers and employees | | - |
| Interest received | | - |
| Net cash from operating activities | | - |
| Cash flows from investing activities | | |
| Loan advance | | - |
| Net cash used in investing activities | | - |
| Cash flows from financing activities | | |
| Issue of shares | | - |
| Share investment | | - |
| Redemption of shares | | - |
| Net cash used in financing activities | | - |
| Net increase/(decrease) in cash and cash equivalents | | - |
| Cash at incorporation | | - |
| Cash and cash equivalents at the end of the period | | - |

This statement of cash flows shows the historical cash flows of the Company and are to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 6.

APPENDIX 5
DYNAMIC DRILL AND BLAST PTY LTD
STATEMENTS OF CASH FLOWS

| Statements of Cash Flows | Reviewed for the half year ended 31-Dec-19 \$ | Audited for the year ended 30-Jun-19 \$ | Reviewed for the half year ended 31-Dec-18 \$ | Audited for the year ended 30-Jun-18 \$ |
|---|--|---|--|---|
| Cash flows from operating activities | | | | |
| Receipts from customers (inclusive of GST) | 7,926,226 | 18,412,423 | 7,746,076 | 13,503,915 |
| Payments to suppliers and employees (inclusive of GST) | (8,680,163) | (16,746,345) | (7,434,841) | (12,713,321) |
| Interest received | 141 | 32 | - | 414 |
| Income taxes paid | - | 34,150 | - | (85,629) |
| Net cash from/(used in) operating activities | (753,796) | 1,700,260 | 311,235 | 705,379 |
| Cash flows from investing activities | | | | |
| Payment for property, plant and equipment | (53,052) | (146,974) | 22,727 | (330,526) |
| Proceeds from disposal of property, plant and equipment | - | 351,500 | (13,653) | 367 |
| Payments for investments | - | 300 | - | - |
| Loans from related parties | - | (42,548) | - | - |
| Net cash from/(used in) investing activities | (53,052) | 162,278 | 9,074 | (330,159) |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | - | 1,259,912 | 658 | 310,112 |
| Repayments of borrowings | (624,880) | (1,045,223) | (90,614) | (149,287) |
| Net cash from/(used in) financing activities | (624,880) | 214,689 | (89,956) | 160,825 |
| Net increase/(decrease) in cash and cash equivalents | (1,431,728) | 2,077,227 | 230,353 | 536,045 |
| Cash and cash equivalents at the beginning of the period | 2,749,412 | 672,185 | 672,185 | 136,140 |
| Cash and cash equivalents at the end of the period | 1,317,684 | 2,749,412 | 902,538 | 672,185 |

These statements of cash flows show the historical cash flows of the DDB and are to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 6.

APPENDIX 6

DYNAMIC DRILL AND BLAST HOLDINGS LIMITED

NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Historical Financial Information is set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) New or amended Accounting Standards and Interpretations adopted

The Group 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 half-year ended 31 December 2019.

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

b) Basis of Preparation

Statement of compliance

The Historical Financial Information has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical Cost Convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, 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 company's accounting policies.

c) Revenue Recognition

The company recognises revenue as follows:

Revenue from Contracts with Customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: 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.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of Services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

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.

d) 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.

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.

e) 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 Group'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 company'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.

f) 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.

g) 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 Group 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.

h) Contract Assets

Contract assets are recognised when the company has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

i) Customer Acquisition Costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to

profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

j) Customer Fulfilment Costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

k) Property, Plant and Equipment

Land and buildings are shown at fair value, based on periodic, at least every three years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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:

- Buildings, 40 years;
- Leasehold improvements, 3-10 years;
- Plant and equipment, 3-7 years; and
- Plant and equipment under lease, 2-5 years.

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

Leasehold improvements and plant and equipment under lease 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 Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

l) Leases

DDB has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings

Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

On adoption of AASB 16, the entity recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments using the finance rates implicit within each lease contract as of 1 July 2019:

| | 1 July 2019 |
|---|-------------|
| | \$ |
| Operating lease commitments as at 1 July 2019 | 2,445,373 |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | 1,374,968 |
| Less adjustments for short-term/ low value leases | - |
| Lease liability as at 1 July 2019 | 1,374,968 |
| Of which are: | 1,366,791 |
| Current lease liabilities | 8,177 |
| Non-Current lease liabilities | 1,374,968 |

The recognised right-of-use assets relate to the following assets:

| | 1 July 2019 |
|----------------------------|-------------|
| | \$ |
| Land and buildings | 59,062 |
| Plant and equipment | 721,545 |
| Total right -of-use assets | 780,607 |

The change in accounting policy affected the following items in the statement of financial position on 1 July 2019:

| | 1 July 2019 |
|---|-------------|
| | \$ |
| Property, plant and equipment- decreased by | - |
| Right-of-use assets- increased by | 780,607 |
| Deferred tax assets- increased by | - |
| Borrowings- decreased by | - |
| Lease liabilities- increased by | 1,374,968 |

The net impact on retained earnings on 1 July 2019 was a decrease of: 594,425

In applying AASB 16 for the first time, the entity has used the following practical expedients permitted by the standard:

- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases

- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease terms where the contract contains options to extend or terminate the lease.

m) 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 Group 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.

The Group 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.

n) 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 Group'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.

o) 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.

p) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group 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.

q) Contract Liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

r) Refund Liabilities

Refund liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

s) 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.

t) Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset.

All other finance costs are expensed in the period in which they are incurred.

u) Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

v) 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined Contribution Superannuation Expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

w) 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.

x) 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.

y) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Group.

z) 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.

aa) Share-based Payments

Equity-settled transactions are awards of shares, or options over shares, that are provided 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 Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected

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price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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.

| | Reviewed as at 31-Dec-19 | Pro-forma after Offers |
|--|--------------------------------|---------------------------|
| NOTE 1. CASH AND CASH EQUIVALENTS | \$ | \$ |
| Cash and cash equivalents | 1,317,684 | 6,335,684 |
| Audited balance of DDB Holdings at 31 May 2020 | | - |
| Reviewed balance of DDB at 31 December 2019 | | 1,317,684 |
| | | 1,317,684 |
| Subsequent events: | | |
| Advance from parties including shareholders of DDB | | 1,000,000 |
| | | 1,000,000 |
| Pro-forma adjustments: | | |
| Proceeds from shares issued under this Prospectus | | 5,000,000 |
| Costs of the Offers | | (482,000) |
| Repayment of advance from Shareholders | | (500,000) |
| | | 4,018,000 |
| Pro-forma Balance | | 6,335,684 |

| | Reviewed as at 31-Dec-19 \$ | Pro-forma after Offers \$ |
|--|--------------------------------------|---------------------------------|
| NOTE 2. INVESTMENT IN SUBSIDIARY | | |
| Investment in subsidiary | - | - |
| Audited balance of DDB Holdings at 31 May 2020 | | 306 |
| Reviewed balance of DDB at 31 December 2019 | | - |
| | | 306 |
| <i>Pro-forma adjustments:</i> | | |
| Elimination of DDB Holdings investment in DDB on acquisition | | (306) |
| | | (306) |
| Pro-forma Balance | | - |

| | Reviewed as at 31-Dec-19 \$ | Pro-forma after Offers \$ |
|--|--------------------------------------|---------------------------------|
| NOTE 3. BORROWINGS (current) | | |
| Borrowings (current) | 514,961 | 1,014,961 |
| Audited balance of DDB Holdings at 31 May 2020 | | - |
| Reviewed balance of DDB at 31 December 2019 | | 514,961 |
| | | 514,961 |
| <i>Subsequent events:</i> | | |
| Advance from parties including shareholders of DDB | | 1,000,000 |
| | | 1,000,000 |
| <i>Pro-forma adjustments:</i> | | |
| Repayment of advance | | (500,000) |
| | | (500,000) |
| Pro-forma Balance | | 1,014,961 |

| | Reviewed as at 31-Dec-19 | Pro-forma after Offers |
|--|--------------------------------|---------------------------|
| NOTE 4. BORROWINGS (non-current) | \$ | \$ |
| Borrowings (non-current) | 765,239 | 73,412 |
| Audited balance of DDB Holdings at 31 May 2020 | | - |
| Reviewed balance of DDB at 31 December 2019 | | 765,239 |
| | | 765,239 |
| Pro-forma adjustments: | | |
| Conversion of debt into shares | | (691,827) |
| | | (691,827) |
| Pro-forma Balance | | 73,412 |

| | Reviewed as at 31-Dec-19 | Pro-forma after Offers |
|--|--------------------------------|---------------------------|
| NOTE 5. ISSUED CAPITAL | \$ | \$ |
| Issued Capital | 306 | 5,626,344 |
| | Number of shares | \$ |
| Audited balance of DDB Holdings at 31 May 2020 | 306 | 306 |
| Reviewed balance of DDB at 31 December 2019 | 25,210,000 | 306 |
| | 25,210,306 | 612 |
| Pro-forma adjustments: | | |
| Issue of shares on conversion of debt owed to Ganan Capital and Bahen Bros | 4,941,622 | 988,324 |
| Elimination of the fully paid share capital of DDB Holdings at 31 May 2020 | (306) | (306) |
| Proceeds from shares issued under this Prospectus | 25,000,000 | 5,000,000 |
| Costs of the Offers | - | (303,036) |
| Issue of Lead Manager Options treated as a cost of the Public Offer | - | (59,250) |
| | 29,941,316 | 5,625,732 |
| Pro-forma Balance | 55,151,622 | 5,626,344 |

| | Reviewed 31-Dec-19 \$ | Pro-forma after Offer \$ |
|--|-----------------------------|--------------------------------|
| NOTE 6. RESERVES | | |
| Reserves | - | 526,546 |
| Audited balance of DDB Holdings at 31 May 2020 | | - |
| Reviewed balance of DDB at 31 December 2019 | | - |
| Subsequent events: | | |
| Issue of Existing Options | | 470,547 |
| | | 470,547 |
| Pro-forma adjustments: | | |
| Issue of Lead Manager Options | | 59,250 |
| Capital reorganisation reserve | | (3,251) |
| | | 55,999 |
| Pro-forma Balance | | 526,546 |

Set out below are the key inputs and terms used in the valuation of the Existing Options:

| | Existing Options | Lead Manager Options |
|-----------------------------|------------------|-------------------------|
| Number of Instruments | 6,722,100 | 750,000 |
| Underlying share price | \$0.200 | \$0.200 |
| Exercise price | \$0.300 | \$0.250 |
| Expected volatility | 70% | 70% |
| Life of the Options (years) | 3.00 | 3.00 |
| Expected dividends | Nil% | Nil% |
| Risk free rate | 0.26% | 0.26% |
| Value per Instrument (\$) | 0.070 | 0.079 |
| Value per Tranche (\$) | 470,547 | 59,250 |

The performance conditions for the performance rights are set out below:

| Class | Performance Milestone | Milestone Date | Expiry Date |
|-------|--|-------------------|-------------|
| A | Revenue of \$30.0 million or greater, as set out in Audited Accounts for the 12 month period ending 31 December 2021 | 01-Mar-22 | 30-Jun-25 |
| B | EBITDA of \$3.5 million or greater, as set out in Audited Accounts for the 12 month period ending 31 December 2021 | 01-Mar-22 | 30-Jun-25 |
| C | Revenue of \$50.0 million or greater, as set out in Audited Accounts for the 12 month period ending 31 December 2022 | 01-Mar-23 | 30-Jun-25 |
| D | EBITDA of \$6.4 million or greater, as set out in Audited Accounts for the 12 month period ending 31 December 2022 | 01-Mar-23 | 30-Jun-25 |

The maximum value of the performance rights as at the pro-forma date is \$0.20 per share, based on the Public Offer price. This means that the maximum value of the performance rights as at the pro forma date is \$655,580. If the above performance milestones are met there may be value accretion, meaning that the shares issued may have a value in excess of \$0.20 per share at the time of vesting. However, there is currently insufficient reasonable grounds to assume that these vesting conditions will be achieved, therefore we have presented the maximum value of the performance rights as at the pro forma date for information purposes only.

| | Reviewed 31-Dec-19 | Pro-forma after Offer |
|--|-----------------------|--------------------------|
| NOTE 7. ACCUMULATED LOSSES | \$ | \$ |
| Accumulated losses | (486,042) | (1,432,050) |
| Audited balance of DDB Holdings at 31 May 2020 | | (3,251) |
| Reviewed balance of DDB at 31 December 2019 | | (486,042) |
| | | (489,293) |
| Subsequent events: | | |
| Issue of Existing Options | | (470,547) |
| | | (470,547) |
| Pro-forma adjustments: | | |
| Financing charge associated with conversion of debt | | (296,497) |
| Costs of the Offers not directly attributable to the capital raising | | (178,964) |
| Elimination of the accumulated losses of DDB Holdings for the period ended 31 May 2020 | | 3,251 |
| | | (472,210) |
| Pro-forma Balance | | (1,432,050) |

NOTE 8: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors' Interests are disclosed in the Prospectus.

NOTE 9: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

APPENDIX 7 FINANCIAL SERVICES GUIDE

25 June 2020

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Dynamic Drill and Blast Holdings Ltd to provide an Independent Limited Assurance Report ('ILAR' or 'our Report') for inclusion in this Prospectus.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our Report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide an ILAR in connection with the financial product of another entity. Our Report indicates who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our Report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the client who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$15,000 (exclusive of GST).

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Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from DDB for our professional services in providing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, 38 Station Street, Subiaco, Perth WA 6008.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA'). AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 931 678
Website: www.afca.org.au

Contact details

You may contact us using the details set out on page 1 of our Report.