DDH1 LIMITED

ANNUAL REPORT 2022

A SPECIALIST GLOBAL DRILLING COMPANY

OUR INVESTMENT PROPOSITION

Well established proven business

Quality service provider across the mining value chain

Global scale business, operating in key mining markets around the world

Diversified sustainable revenue profile

Track record of strong financial performance

Sustainable dividend policy

Clear growth strategy with the ability to pursue opportunities

Experienced and disciplined leadership team

In-house engineering capabilities to develop ‘rigs of the future’

Long-term and broad demand for metals

ABOUT THIS REPORT

This Annual Report provides a summary of DDH1 Limited's (DDH1) operations and performance for the 2022 financial year (FY22).

Unless otherwise stated, references to 'DDH1', the 'Group', the 'Company', 'we', 'us' and 'our' refer to DDH1 and its controlled entities. The 100% owned entities in the DDH1 Group are listed on page 145 of this report.

References to a year are to the financial years ended 30 June and references to dollar figures are in AUD currency.

FURTHER INFORMATION

We welcome your questions and feedback. Please contact:

Sy Van Dyk
Managing Director and Chief Executive Officer
investor.relations@ddh1.com.au

Ben MacKinnon
Chief Financial Officer and Joint Company Secretary
investor.relations@ddh1.com.au

FORWARD LOOKING STATEMENTS

This report may contain forward looking statements.
Further information can be found on page 170 of this report.


EXPLOREX

The Value of Experience

We employ the industry's most experienced operators to provide technically innovative drilling services and critical geological information. From top tier miners to the smallest explorer, we provide our clients with an unsurpassed level of service.

CONTENTS

FY22 REVIEW 09

CHAIRPERSON'S LETTER 14

MANAGING DIRECTOR AND CEO'S REPORT 17

OUR BUSINESS 20

GROWTH STRATEGY AND KEY FOCUS AREAS 42

SUSTAINABILITY 45

RISK MANAGEMENT REPORT 54

DDH1 LIMITED FINANCIAL REPORT 61

SHAREHOLDER INFORMATION 164

COMPANY HISTORY 169

Our operational teams should be acknowledged for their tireless dedication to each other, our Company and for delivering on our growth strategy.

SY VAN DYK - MANAGING DIRECTOR AND CEO

FY22 REVIEW

FY22 PROFORMA OPERATIONAL HIGHLIGHTS

IMPROVED ROLLING 12-MONTH TRIFR ^

8.65

21.4% IMPROVEMENT ON FY21

RIG UTILISATION

77.4%

UP 2.4% ON FY21

RECORD NUMBER OF SHIFTS

91,228

UP 10.2% ON FY21

INCREASED MODERN FLEET

183

UP 14 RIGS ON FY21

TRANSFORMATIVE TRANSACTION

SWICK

72 RIGS
608 SKILLED EMPLOYEES

QUALITY EMPLOYEES

1,863

UP 16% ON FY21

RECORD METRES DRILLED

3.5M

UP 3.5% ON FY21

STRONG FOCUS ON EMPLOYEE

WELLBEING

MENTAL HEALTH
TRAINING AND SUPPORT

^Total Recordable Injury Frequency Rate (based on one million work hours).
NOTE: Results are on a proforma basis, as they include Swick Mining Services' Drilling Division (Swick Results) for all the current and comparative reporting periods.

FY22 PROFORMA FINANCIAL HIGHLIGHTS

RECORD REVENUE
$506.9M
UP 14.0% ON FY21
4-YEAR CAGR 13%

UNDERLYING EBITDA ^
$113.6M
UP 10% ON FY21
4-YEAR CAGR 11%
EBITDA MARGIN 22.4%

UNDERLYING EBITA *
$76.2M
UP 12.9% ON FY21
EBITA MARGIN 15.0%

NET DEBT
$16.6M
$7.7M NET CASH AT 30 JUNE 21

STRONG ROIC
27%
ABOVE INDUSTRY AVERAGE

FINAL FULLY FRANKED DIVIDEND
2.65 CPS
42.5% OF UNDERLYING PROFORMA NPATA (1 JANUARY 2022 - 30 JUNE 2022)

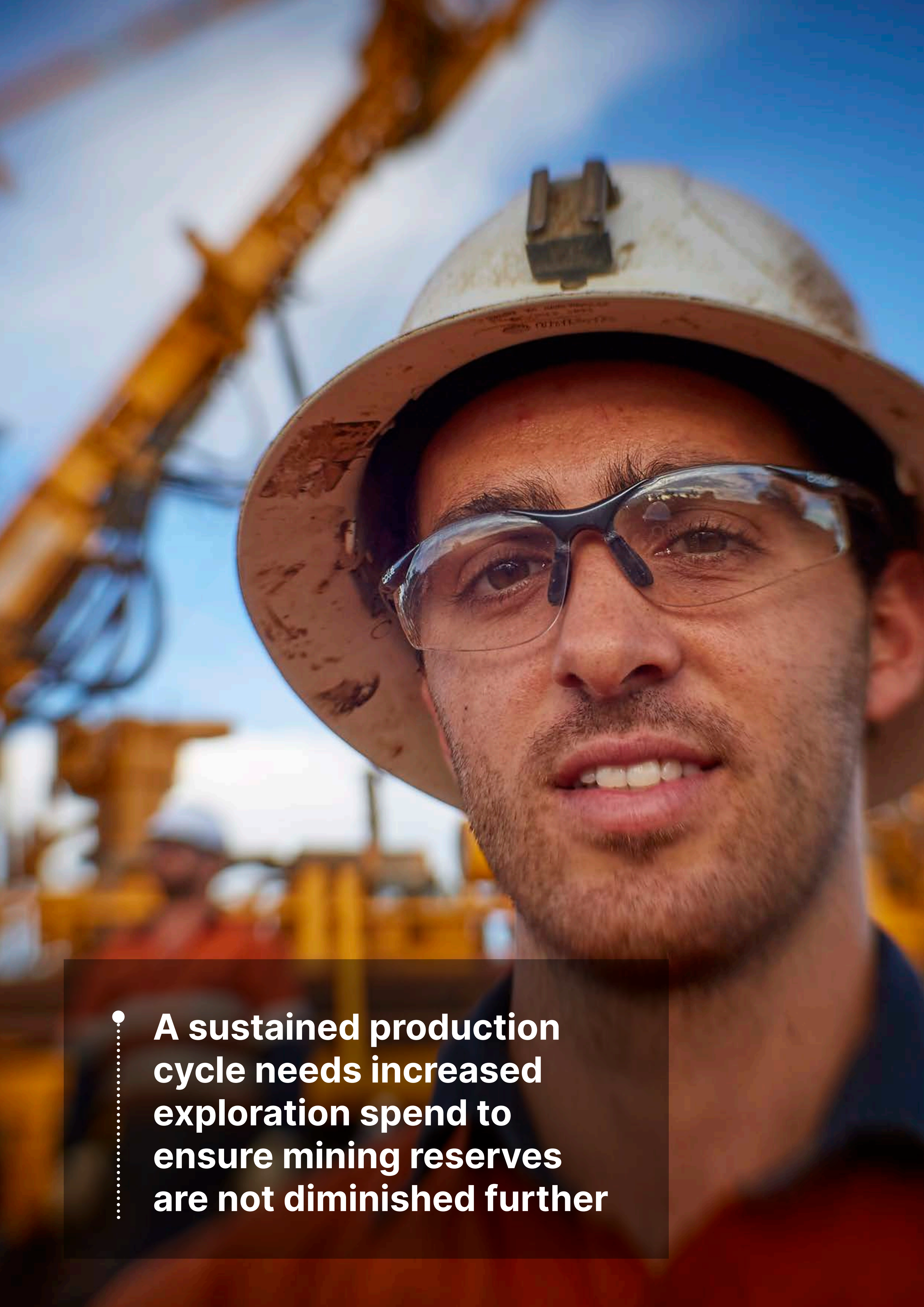
ANNUALISED REVENUE PER RIG
$2.9M
UP 6.9% ON FY21

REVENUE PER SHIFT
$5.6K
UP 3.4% ON FY21

NOTE: Results are on a proforma basis, as they include Swick Mining Services' Drilling Division (Swick Results) for all the current and comparative reporting periods.

^ Underlying EBITDA equals Statutory EBITDA adjusted for acquisition costs for Swick, profit on the sale of assets, non-cash revaluation of listed investments, redundancy costs and amounts provisioned for outstanding amounts owed by Wiluna Mining Corporation and equity investment in Wiluna Mining Corporation.

* Underlying EBITA equals underlying EBITDA adjusted for depreciation.



A sustained production cycle needs increased exploration spend to ensure mining reserves are not diminished further

INDUSTRY OVERVIEW

STRONG FUNDAMENTALS

The trend towards decarbonisation continues to gain momentum and is forecast to be a multi-decade process – battery metals are found in abundance in Australia where DDH1 has a strong presence.

Drilling is becoming deeper, resulting in larger programs and increasing demand for the specialist drilling services DDH1 provides.

DDH1 has good visibility and clients have indicated strong activity levels for FY23.

Commodity prices remain relatively high compared to the previous five years – commodity markets are typically 25% to 50% larger than the last industry peak in 2012.

The increasing price of coal is likely to drive drilling demand and decrease capacity in the broader non-coal markets DDH1 operates in.

There is a strong need for exploration to maintain diminishing mining reserves – exploration budgets remain well below the peak in 2012.

Resource companies are well funded to execute drilling programs.

KEY CHALLENGES

Labour shortages due to COVID-related mobility restrictions and COVID-related employee absenteeism. Restrictions eased during 2H FY22 alleviating shortages for entry level drilling roles. Demand for skilled operators within the drilling industry remains high.

Supply chain pressures, including longer delivery times and higher freight costs, were exacerbated by Russia's invasion of Ukraine. Early signs of supply chain improvement were evident towards the end of FY22.

Inflationary pressures, notably on wages, repairs and maintenance and consumables, due to the tight labour market and supply chain pressures.

CHAIRPERSON'S LETTER

Dear Fellow Shareholder,

On behalf of the DDH1 Board, I am pleased to present the Company's FY22 Annual Report.

During the year, DDH1 continued its trend of strong financial performance, which is firmly grounded on operational excellence, technical leadership and a quest for continuous improvement. Importantly, DDH1 delivered on its long-term growth strategy and continued to protect the wellbeing of its teams throughout a challenging year.

SAFETY

As a Board, protecting people is our key priority. Pleasingly, DDH1 enhanced its safety performance and improved its total recordable injury frequency rate by 21.4% to 8.65. This positive outcome reflects the Company's strong safety culture and the attention leadership places on maintaining best-in-class equipment, engaging quality people and engineering out risk. Further information regarding our safety commitment can be found in the safety and wellbeing section of this report on page 46.

STRONG FINANCIAL PERFORMANCE

DDH1 generated record proforma revenue of $506.9 million, which represented a 14% increase on the previous year. 86.7% of this revenue was generated from production and resource definition projects, which are less impacted by the industry cycles.

Proforma underlying EBITDA was $113.6 million, a 10% uplift on FY21. The Company's ability to deliver industry leading margins, notwithstanding the COVID-related disruptions and an inflationary environment, highlights the robustness of the DDH1 business model and strong operational disciplines.

DIVIDENDS AND SHARE BUY-BACK PROGRAM

The Company maintains its commitment to a policy of paying 30% to 50% of net profit after tax before amortisation as dividends. In line with this policy, the Board paid an interim fully franked dividend of 2.51 cents per share and declared a fully franked final dividend of 2.65 cents per share. This brings the full year dividend to 5.16 cents per share for FY22.

As communicated on 1 July 2022, the Board is of the view that the Company's shares are currently undervalued given:

- Its strong financial performance;
- Above industry average return of invested capital; and
- Growth prospects as a leading specialist service provider with global scale.

Accordingly, an on-market share buy-back program was announced and commenced following the release of DDH1's preliminary unaudited results on 26 July 2022. Approximately 34,280,468 shares, may be acquired over a 12 month period.

DDH1 remains committed to delivering sustainable returns to shareholders and the buy-back program should not have a negative impact on the Company's dividend policy due to its strong cash generation.

DELIVERING ON GROWTH STRATEGY

DDH1's overarching strategy includes organic and appropriate opportunistic acquisitive growth.

The Swick transaction was a highlight during FY22. Swick complements DDH1 and brings an established platform for geographical expansion in key markets, together with underground drilling expertise and engineering and maintenance capabilities.

The Company continued to grow organically and achieved record metres drilled and an uplift in rig utilisation and shifts. Again, the strength of DDH1's teams to meet the changing needs of its broad client base within a challenging environment has been pleasing.

Another driver that inspires confidence around DDH1's growth potential is the increasing momentum for decarbonisation and resulting requirement for battery minerals. Western Australia, the original heartland of DDH1, is well endowed with such minerals and has a government that is supportive of further investment in the sector. DDH1's specialist drilling capabilities are commodity agnostic so the Company is well positioned to leverage this opportunity.

The DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick Mining Services brands each have a high level of autonomy and with that, a high level of accountability. The brands are able to share best-practice insights, capabilities and take advantage of the synergies that exist within the DDH1 Group.

MY THANKS

I enjoy working with the diverse Board that governs DDH1 and thank them for their efforts. Each member brings unique experience, expertise and perspectives. Our common threads are a great sense of curiosity and a genuine interest in the Company and the context in which it operates. I have enjoyed immensely the very real conversations we have had to ensure DDH1 remains the best in the market, the Company people want to work for and the partner our clients want to work with, both for exploration and production. While we have not had as much in-person interaction as we would like due to COVID protocols, everyone has been very responsive and found ways to operate with flexibility.

DDH1 runs a very inclusive organisation. The Board engages with the operational teams and hears directly from them. We see their attention to the economic drivers of our returns, and also their real values-based leadership. I am consistently surprised on the upside at their dedication, creativity and thoughtfulness to drive safety initiatives, operational improvements and long-term performance. My sincere thanks to Sy and his teams.

FOCUS FOR FY23

During FY23 the Board will remain focused on:

- Employee safety and wellbeing, including building greater diversity in our workforce;
- Enhancing the Company's operational excellence and best-in-class fleet;
- Pursuing DDH1's strategy, with disciplined growth at the right pace; and
- Maturing as a listed entity where there is greater ESG disclosure and greater market recognition for the quality of the business model and consistent financial performance.

The DDH1 Board members, leadership and operational teams are a talented and engaging group of people. I look forward with great enthusiasm to all we can achieve and deliver in FY23.

Yours sincerely,

Diane Smith-Gander AO

CHAIRPERSON AND INDEPENDENT
NON-EXECUTIVE DIRECTOR

The Company has a dividend policy of paying 30% to 50% of net profit after tax and before amortisation.

I am so proud of what we have achieved this year by working together as a strong team and embodying our values.

SY VAN DYK - MANAGING DIRECTOR AND CEO

MANAGING DIRECTOR AND CEO'S REPORT

Dear Shareholders,

I am pleased to provide a report on our operational achievements and financial performance for FY22.

It was a transformational year and we continued to perform very well under challenging market conditions. All of our operational teams should be acknowledged for their tireless dedication to each other, our Company and for delivering on our growth strategy. Our can-do culture and teams' willingness to meet the changing requirements of our broad customer base are exceptional.

OUR COMMITMENT TO SAFETY

Employee safety is our top priority, and I am pleased with our continued safety improvement during FY22.

Our total recordable injury frequency rate was 8.65, which represents a 21.4% improvement on the prior year. This positive result can be attributed to our safety culture, investment in modern equipment and our relentless focus on continuous improvement through training programs, risk assessment and early hazard identification.

It is important that we build on this performance and continue to maintain the highest levels of safety throughout our organisation.

OUR QUALITY OPERATIONS AND SERVICE DELIVERY

Demand for our Company's specialised services from mine producers and explorers continued at record levels across our four brands – DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick Mining Services. Accordingly, we added 14 rigs, which increased our fleet size to 183 at the end of FY22. A further 11 rigs are currently on order or under build for deployment in FY23.

Our FY22 rig utilisation of 77.4% was up on FY21 by 2.4% (FY21 75%), our shifts were up 10.2% and our revenue per shift increased by 3.4%. We drilled 3.49 million metres, which was up 3.5% on FY21 and is a new record for our Company.

COVID continued to impact our operations during FY22, most notably limitation on employee mobility due to border restrictions and employee absenteeism due to illness.

The easing of mobility restrictions alleviated labour pressures during 4Q FY22. Skilled operators remain in high demand; however, we are confident we have the right operating environment, best-in-class equipment, customer exposure and growth opportunities to continue to attract and retain the most skilled operators within the drilling industry.

Cultivating employee capabilities and protecting their total wellbeing remains a priority as COVID-related restrictions ease. A number of our initiatives to support and develop our teams are featured in the Sustainability section of this report on pages 45 to 55. A highlight was DDH1 Drilling employee, Caleb Blacktop, receiving the Young Driller of the Year award at the 2022 Australian Drilling Industry Association Awards.

STRATEGY

We continued to drive our clear strategy for organic and inorganic growth. We successfully completed the acquisition of Swick Mining Services (Drilling Division) on 16 February 2022. The leading international underground diamond drilling provider complements and extends our service offering. Importantly, Swick provides established access to the highly prospective international markets in North America and Western Europe, to expand our surface drilling operations.

The integration of Swick is progressing well and remains on track. We will continue to impose our capital discipline to Swick's strong market position with a focus on positive cash flows.

OUR STRONG FINANCIAL PERFORMANCE

DDH1 has a proven track record of strong financial performance and FY22 was no exception. During the year we generated $506.9 million of proforma revenue, which was an 14.0% uplift on FY21. This record result reflected the strong activity and demand for our comprehensive and quality service offering.

Our underlying proforma EBITDA of $113.6 million was also a record result for our Company and 10.0% up on the previous comparative period.

As expected, we experienced some inflationary pressures, notably on wages, repairs and maintenance and consumables. We are working diligently to offset input costs and have a history of successfully managing all aspects of our business. At the same time, we are working with clients to meaningfully increase drilling rates as contracts roll over in a tight supply market.

We have strong cash generation and maintain a healthy balance sheet. As 30 June 2022, net debt (excluding right to use liabilities) was $16.8 million and we had $61.7 million available in unused debt facilities. Our leverage is low at 0.15 times net debt to proforma underlying EBITDA. Notably, our return on invested capital was particularly strong at 27%.

OUR FOCUS AREAS AND OUTLOOK

We will remain focused on executing our long-term strategy. Key elements include:

- Pursuing organic growth via fleet expansion and maximising rig utilisation;
- Building on the Company's long-term and exclusive contracts across the mining value chain;
- Leveraging Swick's underground drilling expertise and established international presence for further market expansion; and
- Pursuing disciplined and high-quality complementary acquisitions that bring further diversity and scale.

More specifically we will focus on:

- Increasing margins with continued focus on rate increases;
- Cash flow generation;
- Integration of Swick and extracting synergies from the transaction;
- Being a leader at the forefront of renewable transition given such a high correlation of DDH1's focused commodities and their criticality in the transition from fossil fuels; and
- Disciplined investing in any additional capacity.

The outlook for FY23 is positive. Despite the macroeconomic concerns that are currently impacting market sentiments, the fundamentals driving demand for DDH1's services remain compelling. Key long-term growth drivers include:

- The majority of DDH1 revenue is derived from production and resource definition drilling programs. In FY22 87% of revenue was generated from this segment;
- Exploration and resource companies remain well funded and have strong balance sheets to undertake drilling programs;
- There is a strong need for exploration to maintain diminishing mining reserves;
- There is increasing demand for battery metals, which require commodities that DDH1 drills for and are found in abundance in Australia; and
- The need for deeper drilling is resulting in larger drilling programs and an increasing demand for specialist drilling.

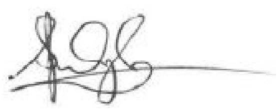
Our Company is in a strong position to leverage these industry growth drivers and provide sustainable returns to our shareholders.

OUR THANKS

I would like to thank our valued shareholders for your ongoing support. I would also like to express my thanks to our Board and senior management teams for your invaluable counsel. Finally, I express my sincere gratitude to every member of our global team. Your hard work and loyalty are appreciated and are at the heart of the success of our Company. I would particularly like to acknowledge our field crews who have spent extended time in quarantine, away from their families, friends, and homes due to COVID.

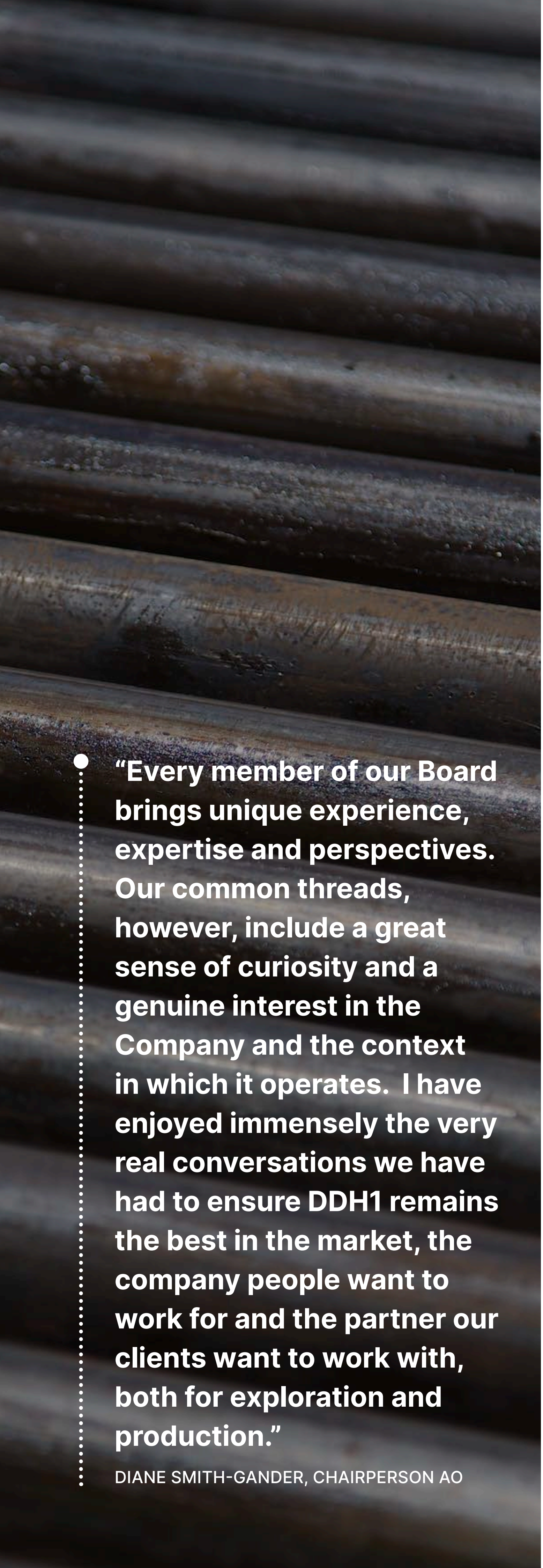
I am so proud of what we have achieved this year by working together as a strong team and embodying our values. I am looking forward to building on our achievements during FY23.

Yours sincerely,



Sy Van Dyk

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER



“Every member of our Board brings unique experience, expertise and perspectives. Our common threads, however, include a great sense of curiosity and a genuine interest in the Company and the context in which it operates. I have enjoyed immensely the very real conversations we have had to ensure DDH1 remains the best in the market, the company people want to work for and the partner our clients want to work with, both for exploration and production.”

DIANE SMITH-GANDER, CHAIRPERSON AO

OUR DIVERSE BOARD

Our Board has extensive experience and diverse expertise including corporate governance, finance, capital markets, the drilling industry, the metals, mining and energy sector and mining equipment. Each member has a keen interest in our operations and plays a key role in strategic planning. Further information regarding the Directors’ professional expertise, business experience and value they bring to DDH1 can be found on pages 64 - 69 of this report.

Diane Smith-Gander AO

CHAIRPERSON AND INDEPENDENT NON-EXECUTIVE DIRECTOR

B.EC, MBA, FAICD, FGIA, HON.DEC, FAIM, GAICD

Expertise
Corporate governance, banking, finance, technology and strategic management.

Committee membership
Diane is a member of the People Committee.

Murray Pollock

NON-EXECUTIVE DIRECTOR

MACID

Co-founder of DDH1 in 2006.

Expertise
Minerals drilling sector.

Committee membership
Murray chairs the HSE and Sustainability Committee and is a member of the People Committee.

Byron Beath

NON-EXECUTIVE DIRECTOR

B.COM

Expertise
Finance, capital markets and the resources sector.

Committee membership
Byron is a member of the Audit and Risk Committee.

Alan Broome AM

INDEPENDENT NON-EXECUTIVE DIRECTOR

I.ENG, FAUSIMM, FAICD, FIMMM, FICME, CFINSTD (NZ)

Expertise
Resources and energy sectors, mining equipment and technology.

Committee membership
Alan chairs the Audit and Risk Committe and is a member of the HSE and Sustainability Committee.

Andrea Sutton

INDEPENDENT NON-EXECUTIVE DIRECTOR

B.ENG CHEMICAL (HONS), GRADDIPECON, GAICD

Expertise
Resources sector.

Committee membership
Andrea chairs the People Committee and is a member of the Audit and Risk Committee and HSE and Sustainability Committee.

Sy Van Dyk

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

B.COM (HONS), CA

Joined DDH1 as CEO in 2018.

Appointed Managing Director in 2021.

Expertise
Resources sector and mining equipment.

OUR SENIOR MANAGEMENT TEAM

Our divisional business model, with four strong brands, provides a high level of autonomy and accountability.

Our Senior Management Team work together to leverage the synergies that exist across our DDH1 group and optimise outcomes for clients.

Sy Van Dyk

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Sy joined DDH1 as CEO in October 2018 and was appointed Managing Director in February 2021. Since joining DDH1, Sy has been instrumental in the Company's development and listing on the ASX. Sy has more than 30 years' experience, primarily within the resources sector and has held a number of senior operational roles, including CEO and CFO of Macmahon Holdings (ASX:MAH) and COO and CFO of mining equipment distributor WesTrac Group. Sy also held a number of senior positions within Kimberly-Clark in South Africa.

Ben MacKinnon

CHIEF FINANCIAL OFFICER AND JOINT COMPANY SECRETARY

Ben brings to DDH1 a strong ability to drive systems, process and accounting excellence across the Company while delivering operational and analytical insights to the senior leadership team. Ben has 15 years' finance experience in the construction and mining services industries. He was previously CFO of Force Equipment (acquired by Emeco) and Gavin Construction. Ben commenced his career at EY Perth after graduating from the University of Western Australia. Ben has been a Chartered Accountant since 2005.

Richard Bennett

MANAGING DIRECTOR
STRIKE DRILLING

Richard has 34 years' experience in the exploration drilling industry. Richard joined DDH1 in June 2018 through the Company's acquisition of Strike Drilling. Richard is the founder of Strike Drilling and retains ongoing responsibility for the operational and financial performance of the Strike Drilling entity. Prior to establishing Strike Drilling in 2013, Richard had a successful background in drilling contracting and equipment sales.

Matt Izett

MANAGING DIRECTOR
RANGER DRILLING

Matt has 34 years' experience in the drilling industry. Matt joined DDH1 in April 2019 through the Company's acquisition of Ranger Drilling. Matt is the founder of Ranger Drilling and retains ongoing responsibility for the overall operational and financial performance of the Ranger Drilling entity. Prior to establishing Ranger Drilling in 2005, Matt held positions across operations and management at mining drilling equipment services and supplier SDS Ausminco and drilling company Drillex.

Kent Swick

MANAGING DIRECTOR
SWICK MINING SERVICES

Kent is a mechanical engineer with over 30 years' experience in civil construction, mining maintenance and surface and underground mineral drilling. He joined DDH1 in February 2022 through the Company's acquisition of Swick Mining Services. Kent founded Swick in 1997, initially as an underground longhole drilling contractor before moving into underground diamond drilling and RC drilling. Kent was the driving technical force behind the design of the Company's innovative mobile underground diamond drill rig.

OUR SENIOR MANAGEMENT TEAM

Peter Crennan

GENERAL MANAGER
OPERATIONS WEST
DDH1 DRILLING

Peter is responsible for DDH1's west coast operations and is based in Perth. Peter commenced with DDH1 in 2011 and has pursued his career with the Company. His technical skill set includes directional drilling, complex mine service holes and executing remote exploration drilling programs. Peter has a passion for watching the growth of employees who commence with the Company and are guided through the same career pathway he was shown by DDH1 founders. Peter has a Diploma in Drilling Operations and holds certifications in leadership and management.

Russell Chard

GENERAL MANAGER
OPERATIONS EAST
DDH1 DRILLING

Russell is responsible for DDH1's east coast operations and is based in Brisbane. Russell joined DDH1 as East Coast Manager in 2009. He has 28 years' drilling industry experience having held senior management roles with multiple companies both within Australia and internationally. Russell is a qualified engineering surveyor who also holds certifications in business management and drilling. Russell has been instrumental in the growth of the DDH1 business on the east coast from its inception.

Through engagement with our operations teams we see their attention to the economic drivers of our returns and their real values-based leadership.

DIANE SMITH-GANDER, CHAIRPERSON AO

Clay Schmidt
GENERAL MANAGER
STRIKE DRILLING

Clay has over 18 years' experience in the drilling industry. He began his career as an offsider and he has held multiple field-based roles before progressing into senior operational and management positions. Clay's extensive experience enables him to bring a broad holistic approach to managing the business, developing organic growth opportunities and expanding its operations nationally. Clay holds a Graduate Certificate in Business.

Stuart Baird
GENERAL MANAGER
RANGER DRILLING

Stuart has 25 years' experience in the industry. He commenced as an Offsider and has worked in many capacities within the industry, initially field operational roles drilling and supervising. Stuart has built extensive management experience in operational, contract and HR/HSE management and more recently, strategic and financial operations management.

Nick Rossides
GENERAL MANAGER OPERATION
SWICK MINING SERVICES

Nick has over 20 years', of experience in the drilling industry encompassing surface and underground operations within Australia and internationally, where he developed a strong understanding of drilling methods and operational excellence for both Swick and clients alike. Nick's experience in operational and executive roles plays an integral part in Swick's continuous improvement in both future and day-to-day operations. Nick holds an Executive Master in Leadership, Strategy, and Innovation.

OUR PROVEN GLOBAL BUSINESS

Well established brands

Services across the mining value chain

Large modern drill fleet

Global scale and operations

Diversified revenue profile

History of strong financial performance

OUR WELL-ESTABLISHED LEADING BRANDS

DDH1's portfolio of leading brands has a proven track record of performance and service delivery for exploration and mining companies.

DDH1 DRILLING

DDH1 is a leading mineral drilling contractor specialising in deep hole multi-intersectional directional drilling services across Australia.

16 years' experience

Established 2006

Services
Diamond core

Operations by Mining Phase
Operating across all stages of mine cycle, including near-mine exploration, mine development and production drilling activities, typically at greater depths (up to 3,000 metres) and with technical complexity

Commodities
Multi-commodity

Rig Fleet
74 (surface and underground rigs)

The DDH1 Drilling team has delivered outstanding results in what has been some of the toughest operating conditions I have experienced in my career, a testament to the commitment and combined efforts of the entire team.

RUSSELL CHARD - GENERAL MANAGER
DDH1 DRILLING EAST COAST

DDH1 FY22 HIGHLIGHTS

- Improved safety performance with 12 month rolling TRIFR at 30 June 2022 reduced by 12%
- Achieved revenue growth of 20%
- Increased work hours of 5%, despite challenges associated with COVID-related travel restrictions and absences
- Increased head count by 25%, to 877 quality employees

Our four leading brands, DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick Mining Services, each have unique strengths and complementary capabilities.

While our brands operate as autonomous businesses, they share best-practice drilling, industry insights and maintenance and engineering expertise.

Together, we can deliver the best solution, service and equipment to our clients at any stage of their projects.

STRIKE DRILLING

Strike Drilling is an experienced exploration drilling provider with a strong reputation for working in remote locations.

9 years' experience

Established 2013

Services
Air core
Reverse circulation

Operations by Mining Phase
Primarily used for earlier stage exploration drilling activities

Commodities
Multi-commodity

Rig Fleet
14 rigs including 7 dual purpose

Our Strike team did an amazing job of both maintaining rig availability to our valued clients in a challenging labour market and growing our fleet and personnel to support new clients throughout the year.

CLAY SCHMIDT – GENERAL MANAGER

STRIKE FY22 HIGHLIGHTS

- Achieved ISO accreditation for Environmental Management Systems (ISO 14001), Occupational Health and Safety Management Systems (ISO 45001) and Quality Management Systems (ISO 9001)
- Continued Strike's organic growth with the addition of two new drill rigs in a tight supply and labour market

Our team at Ranger pulled together to overcome the challenges we faced with a tight workforce and increased COVID-related absences to deliver another rewarding year. It was very encouraging to see our field team's loyalty shown again and again as they responded to changes in rosters and locations at short notice to keep our operations manned and running. We are very proud of the team and their performance for the year.

STUART BAIRD - GENERAL MANAGER, RANGER DRILLING

RANGER DRILLING

Ranger delivers a wide range of drilling applications for exploration and mining operations.

17 years' experience

Established 2005

Services
Grade control
Reverse circulation
Diamond core
Water bore

Operations by Mining Phase
Operating across all stages of mine cycle for the Western Australian iron ore industry

Commodities
Iron-ore

Rig Fleet
22 rigs

RANGER FY22 HIGHLIGHTS

- Outstanding safety performance, rolling 12 month TRIFR result at 30 June reduced by 84%
- Commissioning of Ranger's first semi-automated RC drill rig, featuring automated rod handling functions that reduce employee risks
- Initiated and implemented enhanced bullying and harassment training program
- Workforce diversity and inclusion strengthened, with both female and indigenous employee ratios maintained and a number of employees promoted to more senior roles. Additionally, these employees are undertaking Trainee Driller programs

Our people and culture remain at the forefront of what we do at Swick, allowing us to manage the challenges we faced this year, including COVID impacts on shift utilisation and supply chain and cost pressures. Our safety and training focus strengthened, resulting in fewer incidents and injuries, despite additional rigs and groups working. We also maintained our forward looking approach to innovation, progressing the e-Rig development targeted at reducing our carbon footprint, expanding our deep hole specialist division DeepEX, and further developing 'hands-off steel' technology and rod handling capabilities. I thank our teams and their families for their support throughout FY22.

NICK ROSSIDES - GENERAL MANAGER OPERATIONS

SWICK

Innovative • Productive • Safe

SWICK MINING SERVICES

Swick delivers world-class underground drilling services and designs and manufactures state-of-the-art underground drill rigs.

25 years' experience

Established 1997

Services
Underground diamond core

Operations by Mining Phase
Operating across development and production stages in underground mining operations

Commodities
Multi-commodity

Rig Fleet
73 rigs

SWICK FY22 HIGHLIGHTS

- Successful completion of the deepest known hole to be drilled from an underground platform, a depth of 2,232m, drilled by the Swick DeepEX division at the Olympic Dam site in South Australia
- Development of the e-Rig is progressing to full electric prototypes following successful trials of partial electric units
- AutoDrill trial completed and roll-out commenced. This technology enables the drill rig to maintain very high productivity levels while allowing experienced drillers to assist with training of new and inexperienced operators safely
- Initiated and implemented enhanced sexual harassment training, incorporating updated legislative requirements

We have the capability to provide broad services enabling us to continue to support clients as their projects progress

SPECIALIST DRILLING PROVIDER ACROSS THE MINING VALUE CHAIN

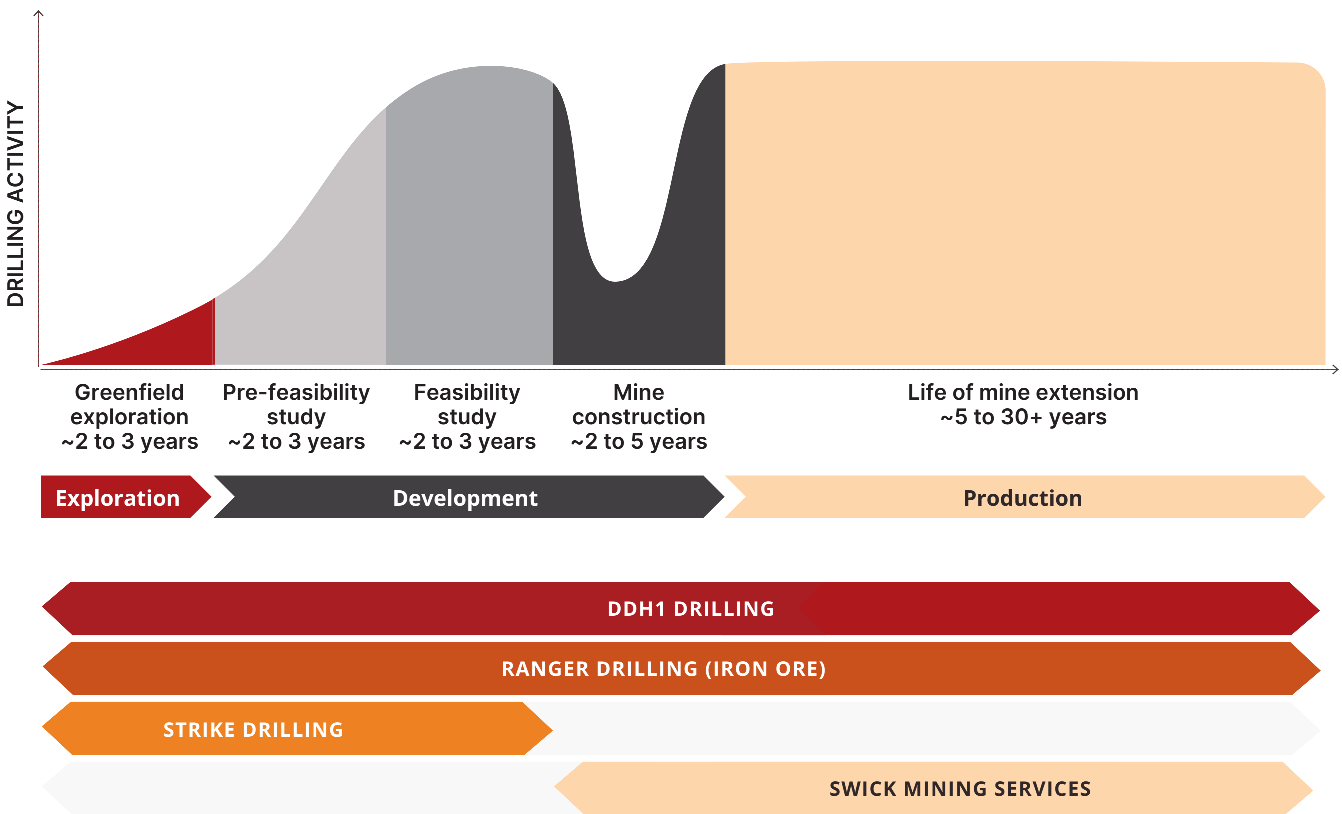
Our broad portfolio of quality brands enables us to offer a diversified range of services across the mining value chain.

We focus on long-term production and resource definition contracts, which are less impacted by industry cycles. These contracts require a greater level of drilling activity and are typically longer term involving multiple rigs.

Our capability to provide services across the value chain enables us to leverage existing experience and understanding of the site geology to continue to provide services as a project progresses. Mine operators benefit from the drilling efficiencies this provides. Extending services to existing clients is a key component of our growth strategy.

Complementing our strong presence in development and production, we have selective exposure to highly prospective greenfields exploration drilling.

OUR SERVICES ACROSS THE MINING VALUE CHAIN



DDH1's fleet of 183 drill rigs is one of the top five largest drill fleets globally and the largest in Australia

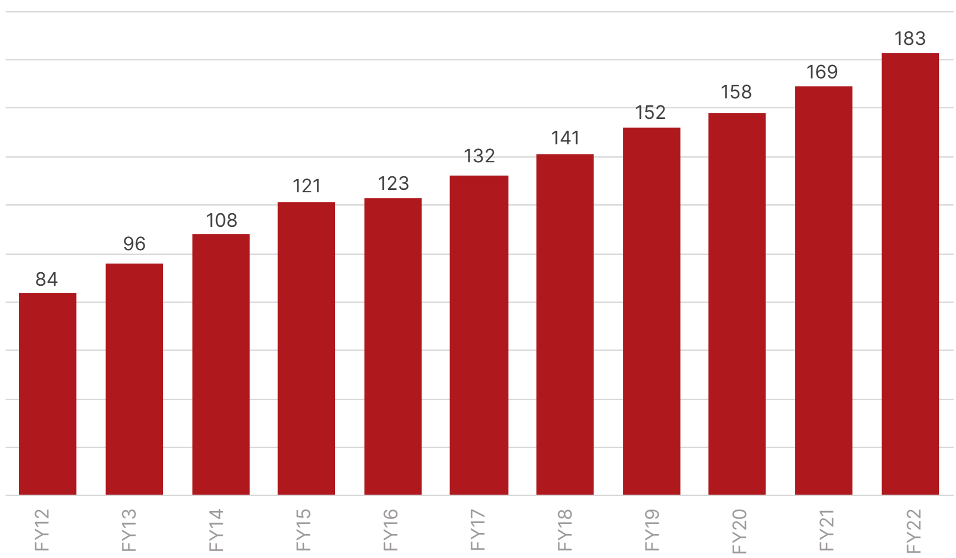
LARGE MODERN RIG FLEET

We operate Australia's largest fleet of mineral drilling rigs with best-in-class safety standards. Our advanced equipment and technology provides greater productivity and critical geological information to our clients.

As the drilling needs of the industry evolve from shallow to deeper deposits, our combined fleet capability and technical expertise ensure we can deliver the deeper, more complex drill programs required, with capacity to extract core samples from depths of 3,000m.

Our organic fleet growth positions DDH1 to leverage current industry fleet shortfalls, meet increased demand and maintain high rig utilisation. In FY22, we added an additional 14 rigs to our fleet and at 30 June 2022, we have a further 11 rigs on order or under build.

DDH1'S LARGE MODERN FLEET IS WELL POSITIONED TO INCREASE RIG UTILISATION



RIG FLEET BY BRAND

DDH1 Limited	Swick	Ranger Drilling	Strike Drilling
74 rigs	**73 rigs**	**22 rigs**	**14 rigs**

GLOBAL SCALE OPERATIONS

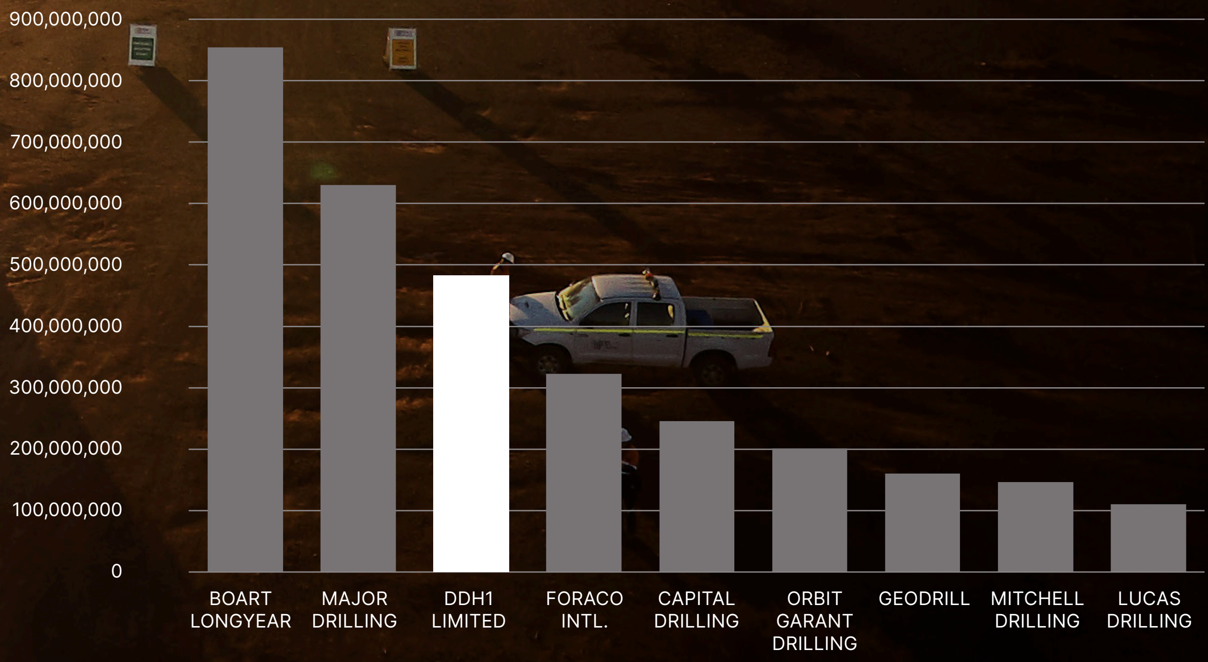
Our operations span all key mining regions of Australia and in selected established international markets.

Our corporate Head Office is located in Perth, Western Australia and we have offices in Brisbane (Australia), Castro Verde (Portugal) and Nevada (USA).

> **We are the largest drilling services provider in Australia by rig fleet size and have a significant and growing presence within global markets**

TOTAL REVENUE VERSUS KEY GLOBAL PEERS

DDH1 is the third largest drilling provider globally by revenue



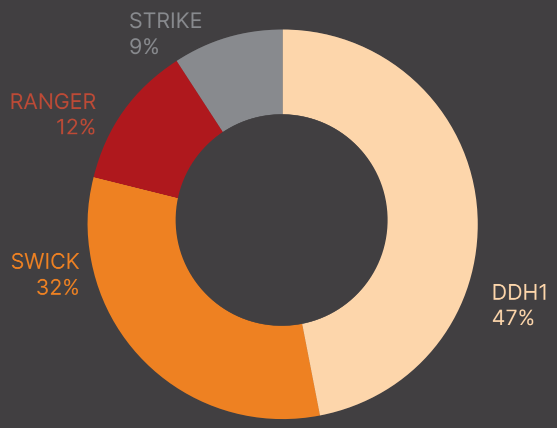
Revenue data for 12 months ended 31 December 2021 (excluding Major Drilling, whose data is for the 12 months ended January 2022).

QUALITY DIVERSIFIED REVENUE PROFILE

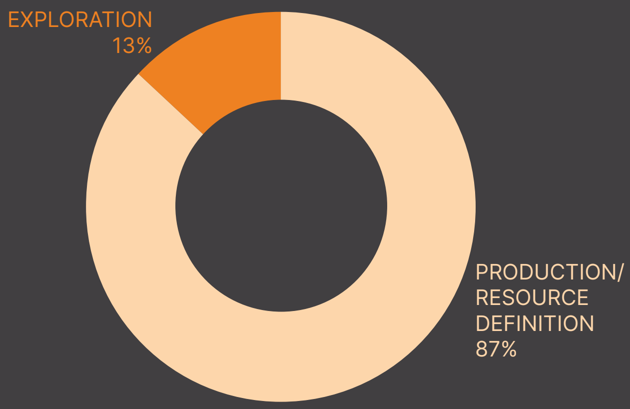
At DDH1 we have a low risk, balanced revenue profile, with 87% of revenue derived from the production and resource definition phases, which are typically less cyclical.

We have developed long-term relationships with our customer base. Eight of our top ten clients during FY22 have been with our Company for more than five years, representing 56% of total revenue.

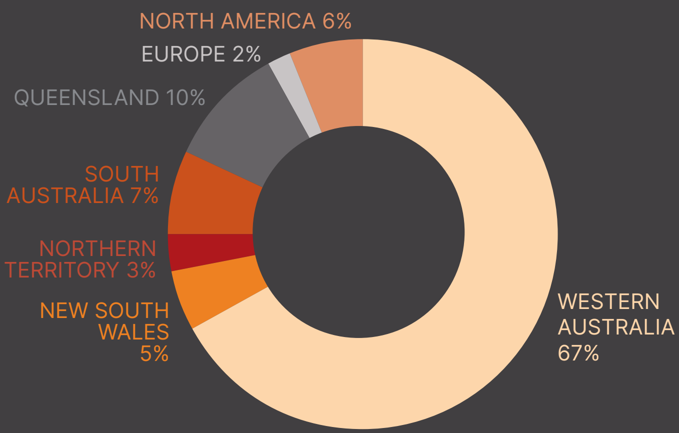
PROFORMA REVENUE BY BRAND



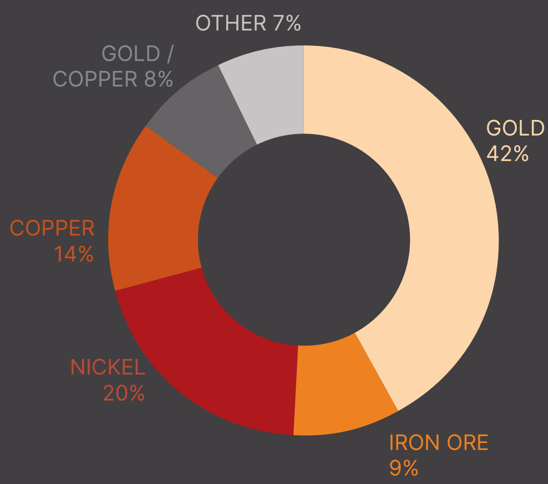
PROFORMA REVENUE BY PHASE



PROFORMA REVENUE BY GEOGRAPHIC SPREAD



PROFORMA REVENUE BY COMMODITIES

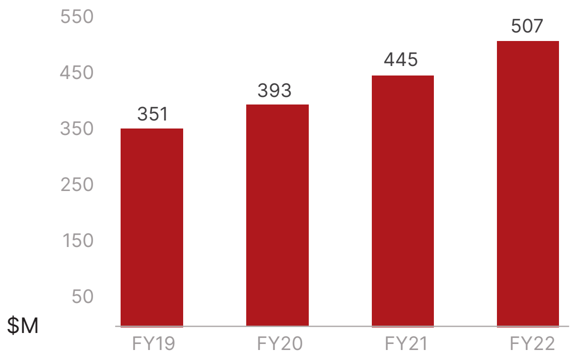


STRONG FINANCIAL PERFORMANCE

We have a proven track record of strong financial discipline and performance. Our revenue and EBITDA 4-year compound annual growth rates are 13% and 11% respectively.

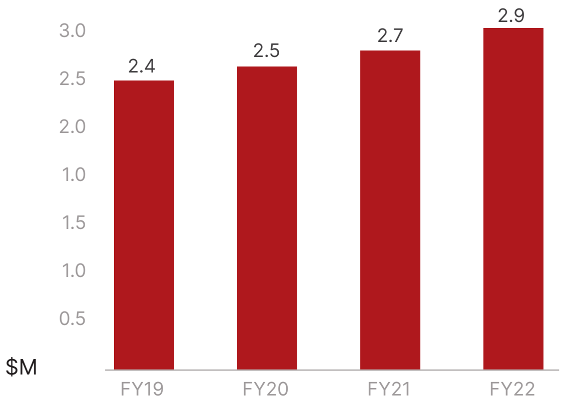
Our strong cash generation and lowly leveraged balance sheet enables us to drive our organic and inorganic growth strategies to ensure long-term returns for our shareholders.

PROFORMA REVENUE GROWTH



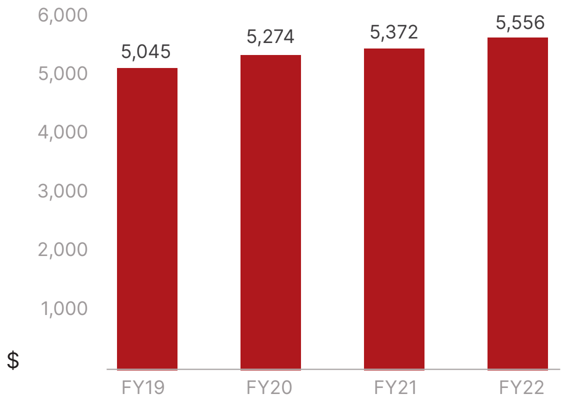
Organic rig growth across four brands due to strong demand in all regions globally

AVERAGE REVENUE PER RIG



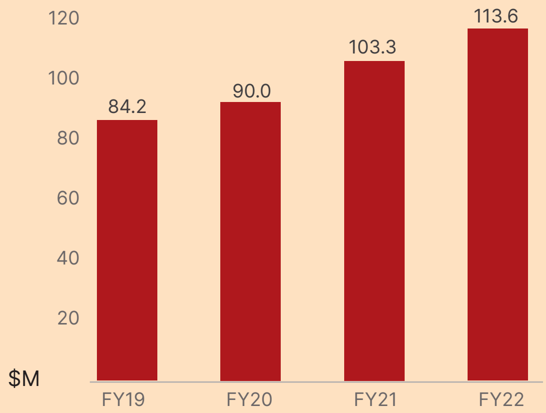
Average proforma revenue per rig increased 6.9%, reflecting higher utilisation and increasing rates

PROFORMA REVENUE PER SHIFT

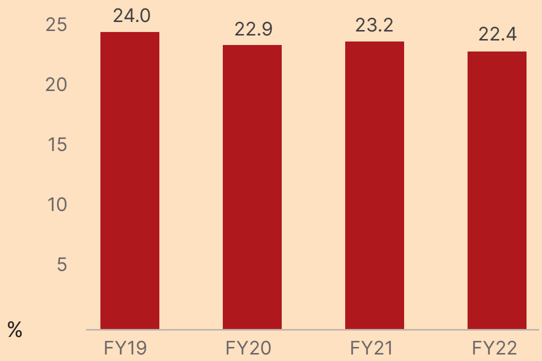


Proforma revenue per shift increased 3.4%, reflecting our ability to increase rates in a tight supply market

PROFORMA UNDERLYING EBITDA[1]



PROFORMA UNDERLYING EBITDA MARGINS[1]



Strong trend of proforma underlying EBITDA growth

Underlying EBITDA margins impacted by short-term COVID-related costs, disruption and inflationary pressures, which will moderate and be offset as we continue to increase our rates

KEY METRICS

	STATUTORY RESULTS			PROFORMA RESULTS		
$M (unless indicated otherwise)	**FY22**	**FY21**	**VAR (%)**	**FY22**	**FY21**	**VAR (%)**
Revenue	415.4	294.6	41.0	506.9	444.7	14.0
Underlying EBITDA ($)[1]	97.1	74.6	30.2	113.6	103.3	10.0
Underlying EBITDA (%)[1]	23.4	25.3	-1.9	22.4	23.2	-0.8
Operating EBITDA ($)[2]	94.8	74.6	27.1	111.3	103.3	7.7
Operating EBITDA (%)[2]	22.8	25.3	-2.5	22.0	23.2	-1.3
Underlying EBITA ($)	67.2	53.0	26.6	76.2	67.5	12.9
Underlying EBITA (%)	16.2	18.0	-1.8	15.0	15.2	-0.1
Operating EBITA ($)[3]	64.8	53.0	22.2	73.8	67.5	9.4
Operating EBITA (%)[3]	15.6	18.0	-2.4	14.6	15.2	-0.6
Net Cash / Debt	-16.6	9.6	-26.0	-16.6	7.7	-24.3

[1] Underlying EBITDA equals Statutory EBITDA adjusted for acquisition costs for Swick, profit on the sale of assets, non-cash revaluation of listed investments, redundancy costs and amounts provisioned for outstanding amounts owed by Wiluna Mining Corporation and equity investment in Wiluna Mining Corporation.

[2] Operating EBITDA equals Statutory EBITDA adjusted for acquisition costs for Swick, profit on the sale of assets, non-cash revaluation of listed investments and redundancy costs.

[3] Operating EBITA equals Operating EBITDA adjusted for depreciation.

GROWTH STRATEGY AND KEY FOCUS AREAS

GROWTH STRATEGY AND FY23 FOCUS AREAS

GROWTH STRATEGY

Pursuing organic growth by adding rigs, increasing rig utilisation and drilling rates

Expanding full service offering to existing and new clients

Acquiring complementary high-quality businesses to build on service capabilities and fleet size

Expanding in key international markets

FOCUS AREAS FOR FY23

Increasing margins with continued focus on rate increases

Cash flow generation

Integration of Swick and extracting synergies from the transaction

Being a leader at the forefront of the renewable transition given such a high correlation of DDH1's focused commodities and their criticality in the transition from fossil fuels

Disciplined investing in any additional capacity

TRANSFORMATIVE SWICK TRANSACTION

During FY22, we pursued our disciplined inorganic growth strategy with the successful and transformative acquisition of Swick Mining Services (Drilling Division).

Extension of Services
Swick is a leading international underground diamond drilling provider, complementing and extending our service offering and creating Australia's largest drilling contractor. The acquisition has provided our Company with growth opportunities while leveraging complementary services, common process and cost base to create long-term value for shareholders.

Integration Progress
Swick's integration is progressing well and the business is now incorporated into DDH1's divisional business operating structure. DDH1 is imposing its capital discipline to Swick's strong market position to ensure EBITDA manifests into strong cash flows.

Cost Synergies
Integration of the Swick business is expected to deliver savings derived from corporate overheads, together with operational and procurement synergies.

Swick provides opportunities for our expansion into the North American and Western European markets for our surface drilling operations.

ANTICIPATED COST SYNERGIES: **$4.8M**

Cost synergies derived from:

Immediate savings (per annum)	$1.3M
Savings to be realised over 12 months	$3.5M

OUR CORPORATE VALUES

Our values, or the DDH1 Way, govern our decision making and the behaviours of our directors, senior management and all members of our teams globally.

We value the safety and health of our people

We value, challenge and reward our people

We put our customers at the centre of what we do

We are committed to leadership in sustainability

We drive excellent sustainable financial performance

OUR APPROACH TO ESG

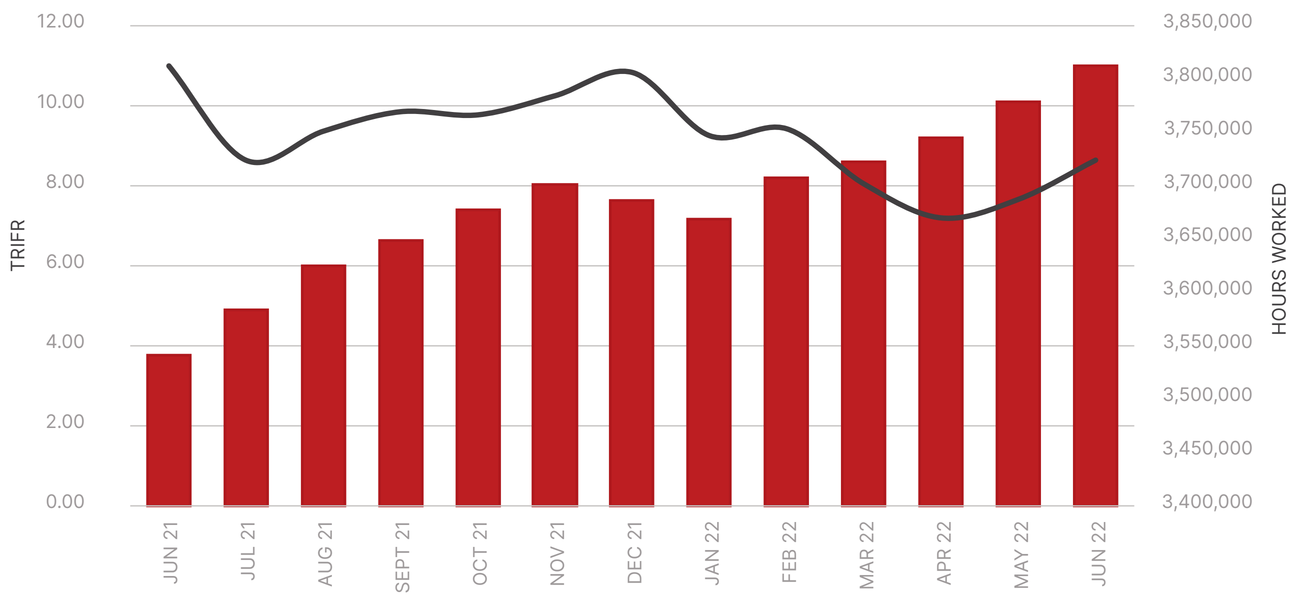
Our Board and senior management teams recognise the importance of enhancing disclosure relating to the environmental, social and governance related risks and opportunities that may impact our Company. In FY23 we will release further information regarding our material ESG topics, current initiatives to support the sustainability of our industry and future areas of focus.

SAFETY & WELLBEING

The health and safety of our people is DDH1's core value. We are committed to providing a safe working environment that protects the total wellbeing of our people and everyone around us. An environment where no injury is considered acceptable and all activities are undertaken without compromising safety.

We maintain the strictest adherence to safety standards and are dedicated to enhancing our safety performance. At 30 June 2022, our rolling 12-month total recordable injury frequency rate (TRIFR) was 8.65. This represents a 21.4% improvement on the prior year.

ROLLING 12-MONTH TRIFR*



*(Based on 1,000,000 work hours)

Our approach to ongoing improvement includes safety leadership and accountability at all levels. All of our team members are encouraged to contribute to workplace safety and all employees are empowered to stop work if a situation has the potential to be unsafe.

We promote early hazard identification, reporting of all incidents or near misses and ongoing training in safe work processes.

Each of our businesses is responsible for providing and maintaining a safety management system. These systems ensure we maintain the strictest adherence to safety standards at our offices, travelling and on site – from premobilisation to demobilisation.

Every aspect and activity of a drilling program is assessed to ensure practical and relevant controls are used in a preventative manner. Our systems are supported by highly experienced teams of operations managers, site supervisors and safety professionals who ensure the safe and efficient delivery of drilling programs.

SUPPORTING EMPLOYEE MENTAL HEALTH

Mental health is a significant issue within our industry and our employees' mental health is a high priority for our business. Across our brands, there are multiple initiatives to ensure we raise awareness, increase understanding of mental health issues and provide support whenever it's needed.

Swick SOS program

Swick's mental health program, Switch On at Swick (SOS) delivers a range of initiatives to employees to support education regarding mental health issues and provide the knowledge and skills to help them assist someone in need via mental health first aid training.

Ranger's Blue Tree Project

The Ranger Drilling team initiated a unique blue tree construction at the Roy Hill operations in Western Australia. The tree, made out of drill rods, supports the Blue Tree Project, an organisation helping spark difficult conversations and encouraging people to speak up when battling mental health concerns. The blue tree is a visible symbol representing the mental health message that 'its OK to not be OK' and it has been planted in the mine village as a permanent reminder.

Employee Assistance Program

At DDH1, we provide an Employee Assistance Program (EAP) that provides 24/7 counselling support for employees and their immediate families.

PEOPLE & CULTURE

Our excellent reputation for providing quality service is due to the quality of our people.

We recognise the importance of providing a structured training pathway that develops every member of our team.

Most employees on our drill crews have either completed or are enrolled to undertake a drilling qualification. This ongoing investment in skills development improves the quality of our drilling, our safety performance and employee engagement.

We also offer additional training for our emerging leaders to ensure succession planning.

During FY22, our team increased by 258^ full time employees to 1,863^. Despite a tight labour market and COVID-related challenges, we maintained a high retention rate of experienced drillers. A focus on enhancing the employee value proposition has also proven successful in attracting sufficient employee numbers.

Our clear aim is to be the employer of choice within the global drilling industry due to our reputation for quality and safety, an inclusive and diverse culture, leading market position, growth opportunities and focus on talent development.

INCLUSION AND DIVERSITY

We recognise the benefits of an inclusive and diverse workplace to foster innovation and a broader understanding of our clients' needs.

Our Inclusion and Diversity Policy sets out our commitment to:

- Promote equal opportunity;
- Allow all people to reach their full potential; and
- Provide an environment that is free from discrimination, harassment and bullying.

Our Company is defined as a Relevant Employer under the Workplace Gender Equality Act 2012 (Cth) and we disclose our Gender Equality Indicators to the Workplace Gender Equality Agency (WGEA) annually. Our 2021 – 2022 Report is available on the WGEA website the DDH1 Limited website.

INDIGENOUS ENGAGEMENT

We promote the involvement of indigenous people in our operations. Our Company is committed to offering indigenous people meaningful and sustainable employment and supporting long-term careers with DDH1.

^ Proforma basis, Swick Mining Services (Drilling Division) is included in all current and comparative reporting periods.

ADIA YOUNG DRILLER OF THE YEAR AWARD

We are delighted that Caleb Blacktop, driller on our Rig ER01, was awarded ADIA's Young Driller of the Year Award at their 2022 Australiasian Drilling Industry Association Awards held in Adelaide. This award provides recognition for drillers with less than five years' experience who are already demonstrating they have what it takes to excel in their role.

Caleb was recognised for consistently achieving targets, taking care of equipment, maintaining site compliance and showing respect for other team members. Specifically, Caleb's nomination highlighted his strong technical understanding and problem solving capabilities, resilience in the face of numerous site or project challenges and outstanding communication and team leadership skills.

"I have great respect for the industry and the ADIA, so this award is a huge achievement for me and I am immensely grateful for the recognition. I would also like to thank the mentors I have had over the years.

I have a great passion for the industry and am excited to see where I will end up in the future by investing hard work and dedication into my career while I acquire additional skills, leadership responsibilities and training - all of which DDH1 can provide me with."

CALEB BLACKTOP - DDH1 DRILLER

SUPPORTING OUR COMMUNITIES

At DDH1, we are committed to making a positive contribution to the communities in which we operate. Each of our brands provides a range of support to local communities, charities, sporting groups and other organisations to ensure they grow and prosper.

In FY22, we contributed to the following community programs:

Einstein First

Assisted Living Village, Newman

Operation Sunshine

MACA Ride for Research

Legion 13

Murlpirrmarra Connection

Lifeline

Nyunngaku Women's Group

Carey Right Track Foundation

SUPPORTING CHILDREN IN CRISIS

Operation Sunshine is a Perth based charity providing support to children and young people escaping family and domestic violence. Their Sunshine Packs are designed to enhance the mental and emotional health and welbeing of their young recipients as they heal from trauma. Swick's support during FY22 enabled the organisation to exceed their goals, delivering 26% more packs to children in need.

DONATIONS TO NYUNNGAKU WOMEN'S GROUP IN LEONORA

Crew from DDH1's Rig 36 supported our client Northern Star's initiative by providing clothing items, including socks, beanies and scarves to create warm packs for donation. The packs will help locals in Leonora stay comfortable during winter months when temperatures drop below freezing at night.

Packs were provided to local women's group, Nyunngaku, a community based group focused on women's wellbeing. The group supports women and female youth of all ages through addressing locally identified needs and issues. It provides activities and a range of services in an environment that supports individuals' development, encourages community connection and celebrates diversity.

MARTU CULTURAL LANDSCAPING PROJECT IN NEWMAN

Ranger Drilling provided the equipment and workforce to drill a water bore at the Assisted Living Village in Newman, Western Australia. They also supplied the well head, pump and bore casing to reticulate the significant cultural landscaping project, which has been designed in consultation with Martu people living in the village.

This project will provide the Martu residents with a cost effective water supply to ensure the grass, bush tucker, bush medicine and fruit trees have a constant water supply that can be maintained into the future.

ENVIRONMENT

Our Board and senior management team are committed to supporting the best long-term environmental outcomes for our shareholders, clients, employees, communities and other stakeholders.

Our Environmental Policy encourages a proactive approach to environmental management, climate change impacts and minimising our carbon footprint.

Processes within our Environmental Management System include:

- Integrating environmental risk assessment into our decision making and operational activities;
- Engaging with all stakeholders (clients, communities, competitors, and regulators) to foster a culture of continual environmental performance; and
- Using appropriate controls to mitigate environmental impacts and promote sustainable use of resources.

Our Environmental Management System is periodically reviewed to ensure it remains certified to the relevant standards.

CLIMATE CHANGE RISK MANAGEMENT

Our Board supports our industry's transition towards a low-carbon future. It also recognises that climate change may affect our business directly and indirectly. The process to identify and manage climate-related risks is managed using our enterprise risk management framework.

E-RIG TO REDUCE CARBON FOOTPRINT

Swick's Futures division's new e-Rig (electric rig) will provde a solution to support client's ESG goals. The e-rig aims to reduce the carbon footprint of underground core drilling operations by 50%, by delivering a significant reduction in power usage for clients, contributing directly to their ESG targets. Following field testing and analysis of test results during FY22, further design upgrades will be completed before testing is resumed in FY23.

CORPORATE GOVERNANCE

We are committed to achieving best practice standards of corporate governance. Our Board has implemented, and operates in accordance with, a set of corporate governance principles which it sees as fundamental to DDH1's continued growth and achievement of its corporate ambition and strategy.

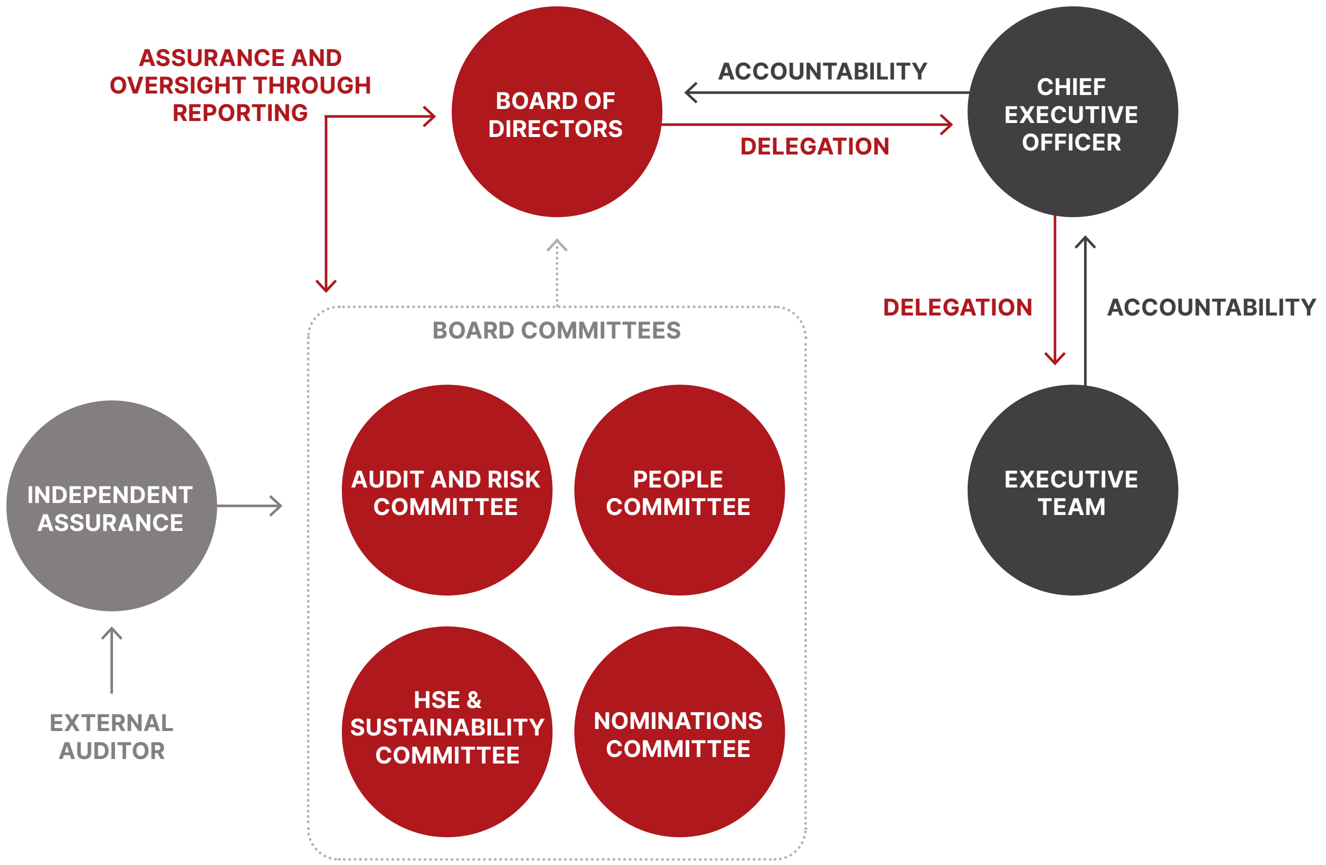
Our Board continues to review our corporate governance framework and practices to ensure they meet the interests of shareholders.

We are committed to achieving the ASX principles of corporate governance and business conduct, fostering a culture of compliance that values integrity, ethical behaviour, accountability, transparency and respect for all stakeholders.

Our Board continues to build on its foundation of governance to improve and ensure it complies with current regulations, market practice and stakeholder expectations.

At DDH1, our corporate governance framework plays a critical role in helping the Board and the business deliver on its strategy and objectives. It provides the structure through which business objectives are set, performance is monitored and risks are managed.

CORPORATE GOVERNANCE FRAMEWORK



GOVERNANCE POLICIES

At DDH1, we have governance policies to guide how we do business:

Code of Conduct - articulates the behaviour expected of DDH1's directors and people, who are expected to align their actions with the code and DDH1's values whenever they are representing DDH1.

Anti-bribery and Corruption Policy - defines bribery and corrupt conduct behaviours prohibited for all DDH1 employees and third parties representing DDH1.

Diversity and Inclusion Policy - DDH1's commitment to ensuring a corporate culture that values and supports diversity and inclusion in the workplace.

Continuous Disclosure Policy - establishes our procedure for compliance with DDH1's continuous disclosure obligations and provides guidance for the identification of material information and timely disclosure of DDH1's activities to the market.

Health, Safety and Environment Policies - provide DDH1's commitment to a healthy and safe work environment for all our employees, contractors and third parties and to minimise impacts on the environment.

Human Rights Policy - supports the protection of fundamental human rights and freedoms and aims to limit the risk of human rights abuses in our operations and supply chains.

Risk Management Policy - provides guidance and direction on the management of risk in DDH1 and states DDH1's commitment to the effective management of risk.

Securities Trading Policy - prohibits DDH1 directors, employers, contractors and their related parties from dealing in DDH1 securities if they are in possession of price-sensitive information and provides for closed periods during which directors and certain employers are prohibited from trading DDH1 shares.

Shareholder Communication Policy - recognises the rights of shareholders and other stakeholders to be informed and outlines methods to ensure effective and efficient communications.

Whistleblower Policy - encourages DDH1 directors, employers, contractors and suppliers who have witnessed, or know about, any misconduct or suspected misconduct to speak up without fear of intimidation, disadvantage or reprisal.

CORPORATE GOVERNANCE AND MODERN SLAVERY STATEMENTS

For detailed information on the corporate governance framework and main governance practices, policies and charters of DDH1 for the year ended 30 June 2022, including details of compliance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, refer to the 2022 Corporate Governance Statement on our website:

https://ddh1.com.au/our-company/#corporate-governance


SULLAIR
RANGER DRILLING SERVICES

RISK MANAGEMENT

RISK MANAGEMENT REPORT

Our Board recognises that effective risk management is critical to maintaining DHH1's reputation for operational excellence and licence to operate.

The Board is responsible for setting the risk appetite. It is also responsible for satisfying itself, at least annually, that management has developed and implemented a sound risk management system and internal controls.

Our Senior Management team is responsible for implementing the Board-approved risk management framework and for managing DDH1's operations within the risk appetite set by the Board. It is also responsible for identifying, managing, monitoring, mitigating and reporting material risks.

Our approach to the risk management system has been primarily focused on safety management using hazard identification tools and the risk management methodologies in ISO 31000:2018 Risk Management.

Our key risks are summarised in the table below.

KEY RISK	SUMMARY	MANAGEMENT RESPONSE
Access to drilling rigs and equipment	Many of the drilling services provided by DDH1 require the use of purpose-built drilling rigs and equipment. Difficulty gaining access to these purpose-built rigs or equipment may constrain our ability to provide services.	As the owner and operator of the most extensive surface drill rig fleet in Australia, coupled with our international fleet, we believe we have considerable purchasing power. This purchasing power has helped us obtain access to rigs and supplies as required. The acquisition of Swick Mining Services has also bolstered access to engineering capabilities and rig manufacturing facilities for underground drill rigs.
Business interruptions	We operate in an industry where environmental factors, including severe weather events, may delay or completely shut down a project.	We endeavour to select work in areas that takes into account seasonal weather impacts. The diversity of our customers and sites ensures that DDH1 is not heavily exposed to one particular site should a shutdown occur.
Concentration risk	Our specialisation in mineral drilling gives rise to concentration risks in that the prospects of our Company are primarily influenced by the prospects of the minerals exploration and mining industry.	We focus on providing drilling services required during the development and production stages of the mine life cycle. Additionally, we ensure that the Company's customer mix and location of rigs are diverse to ensure we are not over-leveraged to one customer or one site.

KEY RISK	SUMMARY	MANAGEMENT RESPONSE
COVID	The coronavirus pandemic may continue to present one or more of the following impacts, or others may emerge: • Mobility restrictions imposed by Federal and State Governments ; • Physical distancing limits imposed by Federal and State Governments; and • Site restrictions imposed by customers.	Our established COVID working group of senior executives from each business division will continue to manage the impacts of COVID in real time. The working group will maintain clear communication with employees, ensure government directives are adhered to, provide support to employees as required and focus on maintaining business continuity during affected periods.
Customer demand and outlook for the minerals exploration and mining industry	Our business depends on, among other things, levels of mineral exploration, development and production activity. A reduction in exploration, development or production activities could cause a decline in the demand for drill rigs and drilling services.	Our revenue base is strategically generated primarily from resource definition and mine production drilling activities, which are more robust through the cycle, given the need for producing mine sites to continue to replenish diminishing reserves.
Health and safety	Site safety and occupational health and safety outcomes are critical to our reputation and ability to be awarded contracts.	Our safety systems are audited annually by a fully accredited external party. These systems have enabled the Company to remain fatality free since inception and achieve a TRIFR of 8.65 in FY22.
Increased competition from new and existing competitors	A significant portion of the drilling services business is dependent on obtaining work through a competitive tender process. The competitive nature of the industry means that there can be no assurance that we will be able to continue to compete successfully against current or future competition.	We have invested in new rigs each year and have a relatively young fleet compared to its useful operational life. This modern and standardised fleet, along with highly skilled people, enables us to continue to offer a compelling service offering at competitive market prices.
Key personnel, labour shortages and cost of labour increases	Loss of key people or failure to attract new personnel may impact our ability to remain productive, profitable and competitive and to affect our planned growth initiatives, including increasing the number of drill rigs in operation.	Our remuneration structures remain competitive in the current market. We have a policy of training and promoting personnel to key operational positions. This reduces the need to bring new people into the business.

KEY RISK	SUMMARY	MANAGEMENT RESPONSE
Loss of customer contracts and levels of new work	The structure of typical drilling customer contracts enables the customer to terminate contracts for convenience, with limited or no amounts payable to our Company in that scenario. Coupled with the short duration of some customer contracts, this presents limited certainty of long-term cash flows and exposes us to the risk that work, which is contracted or otherwise in hand, may not be realised as revenue in the current or any future period.	We have a long history of renewing contracts with existing customers alongside winning new customers. Approximately 20% of each year's revenue is with new customers. The outcome of this growth in customers is exemplified in the constant year-on-year growth in revenue we have experienced.
Operational risks	We are exposed to a range of operational risks, including equipment failures, information technology system failures, external services failures, industrial action or disputes and natural disasters that may disrupt our operations.	We have, over the past 10 years, developed industry-leading operational procedures designed to minimise disruptions and risks to our operating rigs.
Tender process risk	We utilise extensive skills and expertise when pricing for contracts and use all reasonable efforts to ensure that those tenders accurately reflect the scope of work. Despite these safeguards, it is always possible that the tender estimate is not reflective of the actual position, which could result in cost overruns.	Our contract structure is based on a schedule of rates with no fixed price contracts. The schedule of rates has been built up using years of profitable experience through all stages of the cycle. Pricing for each tender is signed off by an experienced General Manager or the Managing Director.

RISK MANAGEMENT FRAMEWORK

For further information on the Company's risk management framework, please refer to our Corporate Governance Statement on our website:

https://ddh1.com.au/wp-content/uploads/2022/03/Risk-Management-Policy.pdf


GAS

FINANCIAL REPORT

DDH1 LIMITED FY22 FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

DIRECTORS' REPORT 63

REMUNERATION REPORT 74

AUDITOR'S INDEPENDENCE DECLARATION 95

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 96

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 97

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 98

CONSOLIDATED STATEMENT OF CASH FLOWS 99

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 100

SHAREHOLDER INFORMATION 164

DDH1 LIMITED
ABN 48 636 677 088

SWICK
SWICK
#1

Directors' Report

The Directors of DDH1 Limited submit herewith the financial report of DDH1 Limited (the **"Company"**) and its subsidiaries (the **"Group"**) for the financial year ended 30 June 2022.

Directors

The names of Directors of the Company at any time during, or since the end of the year are:

NON-EXECUTIVE DIRECTORS	
Diane Smith-Gander, AO	Chairperson and Independent Non-Executive Director
Alan Broome, AM	Independent Non-Executive Director
Andrea Sutton	Independent Non-Executive Director
Murray Pollock	Non-Executive Director
Byron Beath	Non-Executive Director

EXECUTIVE DIRECTORS	
Sy Van Dyk	Managing Director and CEO

Directors' Report

Information on Directors

Diane Smith-Gander, AO

Chairperson and Independent Non-Executive Director
BEc, MBA, FAICD, FGIA, Hon.Dec, FAIM, GAICD

Skills and Experience

Diane has extensive Australian and international experience in banking and finance, technology, and strategic and management consulting.

Prior to becoming a full-time company director in 2009, Diane enjoyed a successful executive career with Westpac Banking Corporation (ASX:WBC), primarily in banking operations, technology solutions and change management roles and as a Partner with McKinsey & Company.

Diane is an Adjunct Professor in Corporate Governance at The University of Western Australia and Chair of The University of Western Australia Business School Advisory Board. Diane is also the former Chair of ASDA and Basketball Australia Limited, former Commissioner of the Western Australia Tourism Commission and a former Director of the Committee for Perth Limited.

Diane was awarded an Officer of the Order of Australia (AO) for her distinguished service to business, women's engagement in executive roles, gender equality and the community in 2019.

Interest in DDH1 securities
147,629 ordinary shares

Special responsibilities
Chairperson of the Board, Member of the People Committee

Other current directorships
Chair of HBF Health Limited
Chair of Zip Co Limited
Chair of the Committee for Economic Development of Australia
Director of AGL Energy Limited (retires 15 November 2022)

Former directorships in the last three years
Wesfarmers Limited (resigned 12 November 2021)
Director of Keystart Home Loans Group (resigned 30 June 2022)

Directors' Report

Information on Directors (continued)

Alan Broome, AM — **Independent Non-Executive Director**
I.Eng; FAusIMM; FAICD; FIMMM; FICME; CFInstD (NZ)

Skills and experience
Alan is a professional director and business advisor with over 40 years' experience in the metals, mining and energy industries.

Alan has extensive knowledge of the mining industry accumulated through involvement with mining technology companies, government agencies and major international mining companies in promoting Australian mining and developing global trade.

Alan was also the previous Chair of the Australian Mining Services Industry Association, Austmine, for 22 years and is now Chairman Emeritus and has been recognised by the Commonwealth with an Order of Australia (AM) for services to the mining technology sector and by the Australian Institute of Export as an "Export Hero". The Australian Institute of Mining and Metallurgy has also awarded Alan with a President's Award for services to the mining sector and the inaugural Austmine Life Member Award for contribution to the mining equipment, technology and services sector.

Alan is a fellow of the Australian Institute of Company Directors (AICD), Australasian Institute of Mining and Metallurgy (AusIMM) and a chartered fellow of the Institute of Directors New Zealand (IoD).

Interest in DDH1 securities
45,455 ordinary shares

Special responsibilities
Chair of the Audit & Risk Committee

Other current directorships
Chair of New Age Exploration Limited
Chair of Strategic Minerals PLC
Chair of Mustang Energy PLC

Former directorships in the last three years
Nil

Directors' Report

Information on Directors (continued)

Murray Pollock

Non-Executive Director and Founder of DDH1

GAICD

Skills and experience

Murray Pollock is a Co-Founder of DDH1 and has been instrumental in the establishment and development of the Company.

Murray has over 50 years of experience within the mineral drilling sector. He is a pioneer of multiple intersection directional drilling and has introduced many of the engineered safety solutions that are now standard on multi-purpose drill rigs throughout Australia.

Murray Pollock also helped form Corewell in 1979, which was listed on the ASX in 1987 with ten rigs. Murray formed Western Deephole in 1990 and sold it to Drillcorp in 1997. He was also a Board member in Catalpa Mining until their merger with Conquest Gold which formed Evolution Mining.

Murray is a member of the Australian Institute of Company Directors (AICD).

Interest in DDH1 securities

47,419,961 ordinary shares

Special responsibilities

Member of People Committee

Other current directorships

Nil

Former directorships in the last three years

Nil

Directors' Report

Information on Directors (continued)

Byron Beath

Non-Executive Director
B.Com

Skills and Experience
Byron is the Managing Director of Oaktree Capital Management and serves as a director of Oaktree Capital Australia Pty Ltd. Byron leads Oaktree's activities in Australia which has included investments in a variety of sectors including resources, funds management, power and utilities, finance, and wholesale distribution.

Prior to joining Oaktree, Byron spent fifteen years with Macquarie Group Limited where he was a division director in the Corporate and Asset Finance division.

Byron currently serves as a director of the following Oaktree portfolio companies, Oaktree Capital Australia Pty Ltd, Argyle Capital Partners, Marlin Brands, January Capital and Fortitude Investment Partners.

Byron completed a Bachelor of Commerce and was a certified CPA.

Interest in DDH1 securities
Nil

Special responsibilities
Member of Audit & Risk Committee

Other current directorships
Nil

Former directorships in the last three years
Nil

Directors' Report

Information on Directors (continued)

Andrea Sutton **Independent Non-Executive Director**

BEng Chemical (Hons), GradDipEcon, GAICD

Skills and experience

Andrea brings over 20 years of operational, technical and corporate experience within the mining and minerals industry.

Andrea's prior roles include non-executive director of Energy Resources of Australia, Managing Director and Chief Executive of Energy Resources of Australia, and within Rio Tinto, Andrea has been the Head of Health, Safety, Environment and Security, Managing Director with the Support Strategy Review team, General Manager – Operations at the Bengalla mine and General Manager – Infrastructure within Iron Ore.

Andrea is a member of the Australasian Institute of Mining and Metallurgy (AusIMM), Engineers Australia, the Australian Institute of Company Directors (AICD) and Chief Executive Women (CEW).

Interest in DDH1 securities

95,455 ordinary shares

Special responsibilities

Member of Audit & Risk Committee

Chair of the People Committee

Other current directorships

Red 5 Limited

Iluka Resources Limited

Former directorships in the last three years

Energy Resources of Australia Limited from 30 October 2018 to 29 May 2020

Directors' Report

Information on Directors (continued)

Sybrandt (Sy) Van Dyk

Managing Director and Chief Executive Officer (CEO)
B.Com (Hons), CA

Skills and Experience
Sy joined DDH1 as CEO in October 2018 and was appointed Managing Director on 8 February 2021. During this time, he has been instrumental in the continual development of the Company.

Sy brings over 30 years of experience primarily within the resources sector. During his career, he has held a number of senior operational roles, including CEO and CFO of contract mining company Macmahon Holdings (ASX: MAH), COO of Western Australia and CFO of mining equipment distributor WesTrac Group. Sy's career also spanned a number of senior positions within Kimberly-Clark in South Africa.

Interest in DDH1 securities
4,966,795 ordinary shares
409,090 performance rights

Special responsibilities
Nil

Other current directorships
Austin Engineering Limited commenced 19 February 2018

Former directorships in the last three years
Nil

Directors Meetings
The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director:

DIRECTORS	BOARD OF DIRECTORS		PEOPLE COMMITTEE		AUDIT & RISK COMMITTEE	
	ENTITLED TO ATTEND	ATTENDED	ENTITLED TO ATTEND	ATTENDED	ENTITLED TO ATTEND	ATTENDED
Diane Smith-Gander	15	15	4	4	-	-
Alan Broome	15	15	-	-	5	5
Andrea Sutton	15	15	4	4	5	5
Murray Pollock	15	15	4	4	-	-
Byron Beath	15	15	-	-	5	5
Sy Van Dyk	15	15	-	-	-	-

All meetings were held between 1 July 2021 and 30 June 2022. All directors are able to attend any committee meeting by invitation and there are occasions when they do so. Only attendances of formal committee members are captured in the above table.

There were no meetings of the Nominations Committee or the HSE and Sustainability Committee during the reporting period.

Directors' Report

Company Secretaries

The Board has appointed two Company Secretaries.

Ben MacKinnon

Ben joined the DDH1 Group as CFO in April 2018. He has responsibility for financial control, management of financial risks, treasury and financial reporting. Ben brings 19 years of financial experience in the construction and mining services industries. Ben holds a Bachelor of Commerce from The University of Western Australia and is a qualified Chartered Accountant. He was appointed as Company Secretary on 8 October 2019.

Darryl Edwards

Darryl is a chartered secretary with significant experience in corporate governance, risk and compliance across several ASX listed companies. He is a member of the Australian Institute of Company Directors and the Governance Institute of Australia. He was appointed as Joint Company Secretary on 4 March 2021.

Principal Activities

The principal activities of the Group during the financial year were to provide a range of specialised surface and underground drilling services to mining and exploration clients. No significant change in the nature of these activities occurred during the year.

The Group is headquartered in Canning Vale, Perth, Western Australia.

Review of Operations

The Group's financial performance for the year has been robust, despite the continued impacts of the Covid-19 pandemic. Whilst our operations have been affected by the various state border closures that occurred during the financial year, the Group has managed to deliver a strong result. Demand for the Group's drilling services has remained strong throughout the financial year, with rig utilisation and productivity at high levels.

On 7 February 2022 the Group obtained control of Swick Mining Services Limited ("Swick") and its subsidiaries. Total consideration for Swick was $88.15 million for 100% of the shares.
Swick was acquired to achieve the following:

- An additional 72 best-in-class rigs and 625 highly skilled employees;
- Addition of world-renowned underground drilling management and rig design executive team;
- Access to world leading R&D, rig construction and maintenance skill sets;
- Exposure to first world mining jurisdictions in North America and Western Europe; and
- Potential to realise revenue and cost synergies through the combined group.

Safety and Training

The Group has invested significant time and costs in safety training programs and initiatives. The result of this investment is that the rolling 12-month total recordable injury frequency rate (TRIFR) improved on the June 2021 results.

ROLLING 12 MONTHS TRIFR	2022 TRIFR	2021 TRIFR	% CHANGE
Statutory	7.58	9.0	(15.8%)
Proforma	8.65	11.01	(21.4%)

Capital Expenditure

During the financial year, along with the 72 rigs acquired as part of the acquisition of Swick, the Group added 8 surface rigs and 6 underground rigs into the fleet. These additions underpin the continued investment in the Group's current and future operations.

Directors' Report

Review of Operations (continued)

Utilisation

At 30 June 2022, the Group's fleet totalled 183 drill rigs. This comprised 86 underground and 97 surface drill rigs. Utilisation remained strong throughout the year, with utilisation rates increasing to 77.4% in the current year (2021: 75%).

Metres Drilled

During the year, the Group has seen an increase in metres drilled as per the below table:

METRES DRILLED	2022 METRES	2021 METRES	% CHANGE
Statutory	2,758,807	2,187,355	26.1%
Proforma	3,486,168	3,367,984	3.5%

Financial Results

FINANCIAL RESULTS (NON-IFRS)	2022 $'000	2021 $'000	% CHANGE
PROFIT & LOSS			
Revenue	415,377	294,606	41.0%
Statutory EBITDA	90,782	65,610	38.4%
Operating EBITDA (reconciled below)	94,770	74,565	27.1%
Statutory EBIT	55,018	41,931	31.2%
Operating EBIT (reconciled below)	59,006	50,886	16.0%
Statutory NPAT	35,859	57,186	(37.3%)
Operating NPAT (reconciled below)	38,651	63,455	(39.1%)
CASH FLOW			
Net cash from operating activities	84,136	48,607	73.1%
Net cash from investing activities	(60,478)	(38,915)	(55.4%)
Operating cash flow before interest and taxes	83,157	68,756	20.9%
AT BALANCE DATE			
Cash	17,941	14,591	23.0%
Debt (Excluding right of use liabilities)	34,510	4,988	28.0%
Net (Debt)/Cash (cash less debt excluding right of use liabilities)	(16,569)	9,603	N/A

Directors' Report (continued)

Review of Operations (continued)

NON IFRS RECONCILIATION	2022	2021
Statutory EBITDA	90,782	65,610
Amended for		
Costs incurred on IPO (2021 only)	-	9,598
Proforma adjustments (2021 only)	-	(781)
Business Combination expenses	3,820	-
Profit on sale of assets	(199)	(24)
Restructuring costs	118	-
Net fair value gains/(Losses) on financial	250	162
Operating EBITDA	**94,770**	**74,565**
Less Amortisation expense	5,808	2,151
Less Depreciation expense	29,956	21,528
Operating EBIT	**59,006**	**50,886**
Less Finance Expense	1,644	2,525
Less Tax expense/(Add tax benefit)	17,515	(17,780)
Tax impact of operating add backs	(1,196)	2,686
Operating NPAT	**38,651**	**63,455**

FINANCIAL RESULTS (NON-IFRS)	2022 $'000	2021 $'000	% CHANGE
RATIOS			
Statutory EBITDA Margin %	21.9%	22.3%	(0.4%)
Operating EBITDA Margin %	22.8%	25.3%	(2.5%)
Statutory EBITA Margin %	14.6%	15.0%	(0.3%)
Operating EBITA Margin %	15.6%	18.0%	(2.4%)
Operating EBIT Margin %	14.2%	19.3%	(3.1%)
Basic EPS – cents per share	9.76	18.58	(47.4%)

Profit

The Group generated a 16.0% increase in operating EBIT for the year. Revenue increased 41.0%, due to an increase in rigs, fleet utilisation and revenue per shift.

Balance Sheet

Total assets have increased by $192.7 million to $474.0 million primarily due to acquisition of Swick during the year and the continued investment into our fleet and inventory. $62.1 million was invested in CAPEX during the year ended 30 June 2022.

Total liabilities increased by $84.4 million to $132.0 million primarily as a result of the acquisition of Swick during the year resulting in $75.2 million of liabilities assumed (including $30.0 million of term debt and $7.9 million of right of use liabilities).

Directors' Report (continued)

Review of Operations (continued)

Cash flow

Operating cash flows for the year ended 30 June 2022 increased by 73.1% to $84.1 million (2021: $48.6 million) due to an increase in rigs, fleet utilisation and revenue per shift.

Cash outflows from investing activities were 55.4% higher primarily as a result of increased capital investment, these cash flows underpin the continued investment in the Group's current and future operations.

Financing cash flows for the year resulted in a net outflow of $20.5 million (2021: $32.7 million), mostly due to the dividends that were paid during the financial year.

Significant Changes In the State of Affairs

Other than those disclosed in the operating and financial review section or the financial statements and the notes thereto, in the opinion of the directors, there were no significant changes in the Group's state of affairs that occurred during the financial year under review.

Environmental Regulation

The Group's operations are subject to environmental regulation under both Commonwealth and State legislation. The Group is committed to achieving a high standard of environmental performance.

The Group provides services to customers that are licensed or otherwise subject to conditions for the purposes of environmental legislation or regulation. In these instances, the Group undertakes its compliance duties in accordance with the contractor regime implemented by the licensed or regulated entity. Based on the results of enquiries made, the Board is not aware of any significant environmental breaches during the financial year.

Dividends

During the year, the Group paid two fully franked dividends of 2.18 cents per share totalling $7,259,156 and 2.51 per share totalling $10,480,125 (2021: nil). On 29 August 2022, the directors declared a fully franked dividend of 2.65 cents per share to the holders of fully paid ordinary shares in respect of the six months ended 30 June 2022, to be paid to shareholders in October 2022. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid in October is $11,249,036.

Subsequent Events

For the year ended 30 June 2022, a fully franked dividend of 2.65 cents per share was declared on 29 August 2022 and is payable on 7 October 2022 to DDH1 shareholders on the share register at 16 September 2022.

On 30 June 2022, the board of directors of DDH1 approved an on-market share buy-back program of up to 34,280,468 shares, representing approximately 8% of the issued capital of DDH1, over 12 months from 18 July 2022 at no more than 5% above the volume-weighted average price of DDH1 shares over the five trading days prior to the purchase. Subsequent to 30 June 2022, 3,023,376 shares at a total amount of $2,481,922 have been bought back under the buy-back program.

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Remuneration Report (Audited)

Contents

This Remuneration Report is prepared in accordance with section 300A of the *Corporations Act 2001 (Cth)*. The information provided in this report has been audited by Deloitte as required by section 308(3C) of the *Corporations Act 2001 (Cth)*. The Remuneration Report forms part of the Directors' Report and covers the following matters:

1. Introduction
2. Remuneration governance
3. Executive remuneration framework
    a) Remuneration policy and strategy
    b) Link to Company performance
    c) Approach to setting remuneration and details of incentive plans
4. Executive remuneration outcomes for FY22
5. Executive contracts
6. Non-executive director remuneration
7. Additional disclosures relating to share-based payments.
8. Loans to key management personnel and their related parties
9. Other transaction balances with key management personnel and their related parties

1. Introduction

This remuneration report details the Group's remuneration objectives, practices and outcomes for Key Management Personnel (**KMP**), being directors and executives who have authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The table below sets out the names of KMP of the Group. The KMP held their current position for the whole of the financial year and since the end of the financial year, unless otherwise stated.

NAME OF KMP	POSITION	TERM AS KMP
NON-EXECUTIVE DIRECTORS		
Diane Smith-Gander AO	Chairperson and Independent Non-Executive Director	8 October 2019 to 13 November 2020 29 January 2021 to 8 February 2021 (1) and 8 February 2021 to Present
Andrea Sutton	Independent Non-Executive Director	8 October 2019 to 11 November 2020 29 January 2021 to 8 February 2021 (1) and 8 February 2021 to Present
Alan Broome AM	Independent Non-Executive Director	Full current and comparative period (2)
Byron Beath	Non-Executive Director	Full current and comparative period (2)
Murray Pollock	Non-Executive Director	8 February 2021 to Present (3)

Remuneration Report (Audited)

1. Introduction (continued)

NAME OF KMP	POSITION	TERM AS KMP
EXECUTIVES		
Sy Van Dyk	Managing Director and Chief Executive Officer	Full current and comparative reporting periods (4) (Appointed Managing Director on 8 February 2021)
Ben MacKinnon	Chief Financial Officer	Full current and comparative reporting periods
Murray Pollock	Managing Director	1 July 2019 to 8 February 2021 (2) (3)

1) Directors resigned and were then re-appointed on 8 February 2021. This was an administrative process as part of the Company's ASX listing and IPO.
2) Mr Broome, Mr Beath and Mr Pollock were all Directors of DDH1 Holdings Pty Ltd, the previous head entity of the Group prior to DDH1 Limited listing on the ASX.
3) Mr Pollock is a co-founder of the DDH1 Group and ceased to be Managing Director of DDH1 Holdings Pty Ltd on 8 February 2021 and was appointed as a Non-Executive Director of DDH1 Limited on that date.
4) Mr Van Dyk has been the Chief Executive Officer of the Group since October 2018 and was appointed Managing Director of DDH1 Limited on 8 February 2021.

2. Remuneration Governance

The People Committee assists the Board by reviewing and making recommendations to the Board on remuneration matters, including the structure, strategy and framework for executives' remuneration and incentives and review of the Company's Annual Remuneration Report to shareholders. This includes:

- Considering the short-term and long-term incentive outcomes for executives;
- Reviewing changes in executives' salaries and at-risk remuneration incentives; and
- Oversight of equity incentive plans, approved by shareholders.

The People Committee was established on 8 February 2021 and its composition comprises three Non-Executive Directors. At 30 June 2022, the members of the People Committee comprised:

- Andrea Sutton — Committee Chair and Independent Non-Executive Director
- Diane Smith-Gander AO — Independent Non-Executive Director
- Murray Pollock — Non-Executive Director

Use of remuneration consultants

To ensure the Remuneration and Nomination Committee is fully informed when making remuneration decisions, it seeks external remuneration advice from time to time. Remuneration consultants are engaged by, and report directly to, the Committee. In selecting remuneration consultants, the Committee considers potential conflicts of interest and requires independence from the Company's key management personnel and other executives as part of their terms of engagement.

During the period, no remuneration recommendations (as defined by the Act) were provided to the Company.

Remuneration Report (Audited)

3. Executive Remuneration Framework

3.A Remuneration policy and strategy

The Company's executive remuneration framework is designed to attract, motivate and retain high performing individuals and align the interests of executives and shareholders. The following table illustrates how the Company's executive remuneration framework aligns with the Company's strategic direction and links remuneration outcomes to performance.

EXECUTIVE REMUNERATION LINKAGES TO STRATEGIC OBJECTIVE		
Remunerate fairly and appropriately	**Align executive interests with those of shareholders**	**Attract, retain and develop proven performers**
Maintain a balance between the interests of shareholders and the reward of executives to secure the long-term benefits of executive energy and loyalty. Benchmark remuneration structures to ensure alignment with industry trends.	Provide a significant proportion of 'at risk' remuneration to ensure that executive reward is directly linked to shareholders' value creation. Ensure our remuneration arrangements and practise are consistent and complementary to the strategic direction of the Company. Prohibit the hedging of unvested equity to ensure alignment with shareholder outcomes.	Provide total remuneration which is sufficient to attract and retain proven and experienced executives who are capable of: • Fulfilling their respective roles with the Group; • Achieving the Group's strategic objectives; and • Maximising Group earnings and returns to shareholders.

The Company's Remuneration Policy for Executive Remuneration

REMUNERATION ELEMENT	PURPOSE AND LINK TO STRATEGY	OPERATION
Fixed pay	To attract and retain high-quality executives through market competitive and fair remuneration.	DDH1 follows the peer company market median to set the level of base pay, taking into consideration experience, skills and performance.
Short-term incentive (STI)	Ensures a portion of remuneration is variable, at-risk and linked to the delivery of agreed plan targets for financial and non-financial measures that support DDH1's strategic priorities. It also provides alignment with shareholders through a deferred component.	The short-term incentive is an annual performance bonus. The Board sets the maximum yearly incentive opportunity, performance measures and target levels. The yearly bonus is earned in accordance with terms approved by the Board. The short-term incentive performance criteria may include company financial performance, individual and safety performance over 12 months. The Board defines performance criteria targets. The short-term incentives are paid in cash, with 70% payable on vesting, 15% deferred for 12 months from the vesting date, and 15% deferred for 24 months. Should there be a workplace fatality, the Board in its absolute discretion may resolve not to make payment. In any event all payments are at the discretion of the Board.

Remuneration Report (Audited)

REMUNERATION ELEMENT	PURPOSE AND LINK TO STRATEGY	OPERATION
Long-term incentive (LTI)	To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained Group performance over the long term. Reward executives who have contributed to the DDH1's value creation and support the retention and attraction of executives.	Executives participate in share-based incentive plans that are decided and implemented by the Board of Directors and for which security purchases or issue authorisations are obtained from Shareholders at the Annual General Meeting. The grant of long-term incentives mainly follows a 3-year earnings period and incentives are subject to performance criteria. The performance criteria are aligned with the Group's financial performance and shareholder returns over the performance period to deliver sustained shareholder value over the long term. The performance criteria are determined and decided by the Board of Directors (excluding the Managing Director). The performance criteria are measured at the end of the performance period, and the achievement of these targets determines the payout level of the long-term incentives. The vesting of long-term incentives is at the discretion of the Board. The reward for each performance period is capped at grant date to a maximum number of securities.
Management quity Plan	To align executive accountability and remuneration with a desire of the previous shareholders to deliver a value generating transaction.	The Management Equity Plan was in place prior to the IPO. The operation of this Management Equity Plan was to issue equity incentives to Executives to incentivise them to achieve a value generating transaction. These securities are convertible to Ordinary Shares upon either an initial public offering or a sale of the business. During the comparative reporting period, on 9 March 2021, the Management Equity Plan ceased operation and was replaced by the long-term incentives detailed above.
Adjustments to remuneration	To align the at-risk reward outcomes with DDH1's underlying financial and non-financial results and shareholders returns.	The Board also has the discretion to adjust STI and LTI outcomes for fraud, dishonesty, breach of obligation or other action likely to result in long term detriment to DDH1.
Clawback provision for short-term and long-term incentives	To provide terms and conditions for defining the procedure to cancel any short-term or long-term incentive or recollect paid rewards in case of unethical or unlawful behaviour.	The Board has the right to cancel the reward or recollect paid rewards subject to transfer restrictions, if the short term incentive plan ("STIP") or long term incentive plan ("LTIP") participant has acted against the law or the Company's ethical guidelines or otherwise unethically.
Share ownership recommendation	To align the interests of executives with those of shareholders by encouraging executives to build a meaningful shareholding in DDH1.	The Managing Director and other executives are recommended to own and hold Company securities equalling their gross annual fixed pay.
Notice period and termination benefits	To have clear contractual terms in place.	The notice period for the Managing Director and other executives is 3 months.
Special reward forms or bonuses, such as sign-on bonus or restricted shares	Only under particular circumstances.	Under special circumstances to facilitate onboarding and retention. These additional awards must always be structured to reflect DDH1's remuneration principles in terms of their value, time horizon and performance requirements and, in the case of the executive, be approved by the Board of Directors.

Remuneration Report (Audited)

3.B. Link To Company Performance

A key principle of the approach to executive remuneration is that 'at-risk' rewards should demonstrate strong links to the Company's performance, safety and shareholder returns. Furthermore, the releVant performance measures for 'at-risk' rewards ensure that the Managing Director and other Executives are focused on strategic business objectives that enhance shareholder value and grow the business organically and by acquisition.

The key financial and non-financial measures for short-term and long-term incentives are considered appropriate measures of performance as they drive shareholder value. The key performance criteria used during the reporting period includes the safety performance, measured as Total Recordable Injury Frequency Rate (**TRIFR**), Operating Earnings Before Income Tax Depreciation and Amortisation (**EBITDA**) over 12 months, Earnings Per Share (**EPS**), and Total Shareholder Return (**TSR**).

The Company has demonstrated strong performance against most key measures and relative to its peers. The table below details the Group's performance for key financial and non-financial measures over the past five financial years. The information is prepared on the basis that the Group had been in existence for the entire time period.

	FY22	FY21	FY20	FY19	FY18
Revenue ($m)	415.4	294.6	249.8	212.4	176.4
Operating EBITDA ($m) (1)	94.8	74.6	64.5	54.0	42.3
Net Profit Before Tax ($m)	53.4	39.4	35.4	34.7	24.5
Net Profit After Tax ($m)	35.9	57.2	24.6	25.8	16.8
TRIFR (person hours per million)	8.65	9.00	6.86	8.82	9.85
EPS (cents per share)	9.77	18.58	N/A	N/A	N/A
Total dividends declared (cents per share)	5.16 (2)	2.18	0.98	-	-
Closing share price as at 30 June ($)	0.64	1.17	N/A	N/A	N/A

1. Operating EBITDA is non-IFRS information. FY22 and FY21 as reconciled in the financial results section of the directors report (current and prior year). The Operating EBITDA, as well as the Revenue, Net Profit before Tax and Net Profit after Tax for FY 18,19 and 20 is prepared on a pro forma basis as if the Group in connection with the Company's initial public offering (refer to section 4.3.1 in the Company's Prospectus dated 8 February 2021) had been in existence for that entire period. This information is not audited.
2. Includes dividends declared after the end of the reporting period of 2.65 cents per share in respect to this financial year and not reflected in the financial statements.

3.C. Approach to setting executive remuneration and details of incentive plans

In FY22, the executive remuneration framework consisted of fixed remuneration, and short-term and long-term incentives.

The actual remuneration mix for each executive is outlined below:

30 June 2022	Fixed Remuneration		Variable At Risk Remuneration	
Executive	**Achieved**	**Targeted**	**Short Term**	**Long Term**
Sy Van Dyk	68%	62%	18%	14%
Ben MacKinnon	74%	69%	14%	12%

30 June 2021	Fixed Remuneration		Variable At Risk Remuneration	
Executive	**Achieved**	**Targeted**	**Short Term**	**Long Term**
Sy Van Dyk	40%	37%	15%	45%
Ben MacKinnon	61%	56%	14%	26%

Remuneration Report (Audited)

Total Fixed Remuneration (TFR)

Executives receive a fixed annual remuneration determined by the scope of their role and the individuals' level of knowledge, skill and experience. TFR comprises a salary and the direct cost of benefits, including superannuation, motor vehicles, car parking and fringe benefits tax.

TFR is reviewed periodically from benchmarked remuneration data. Any remuneration changes for executives consider changes in responsibilities and performance and are aligned with targeted market comparative companies. Changes to an executive's TFR are subject to Board approval after considering the recommendation from the People Committee.

Variable At Risk Remuneration

Short-Term Incentive Plan (STIP)

The key terms of the STIP are set out in the table below:

TOPIC	SUMMARY
Eligibility to participate	All executives and other eligible senior management participate in the STIP.
Maximum STIP opportunity	Maximum STIP is determined by reference to market comparative data and the scope of the person's role and responsibilities and ability to influence outcomes.
Performance criteria and Payments	STIP awards are subject to performance criteria as determined by the Board on the recommendation of the People Committee. For Executives, performance criteria includes a mix of financial and non-financial KPIs, which are set at the Group level. STIP outcomes are payable 100% in cash. 30% of the STIP is subject to a deferred cash payment term, which includes 15% deferred until 12 months after vesting and the remaining 15% deferred until 24 months after vesting.
Cessation of employment	If a participant ceases employment, whether due to special circumstances (including death, terminal illness or permanent disablement) or due to the participant's resignation or termination, unvested STI awards will automatically lapse. If a participant ceases employment after the Board determines that the participant is entitled to payment under the STIP, the participant may continue to be entitled to receive payment depending on the circumstances of the cessation of employment. This discretion ultimately lies with the Board.
Change of control	The Board may determine in its absolute discretion how STIP awards will be treated on a change of control event.
Clawback	The Board has powers to clawback STIP payments in certain circumstances.

Remuneration Report (Audited)

Management Equity Plan

Prior to the Company's IPO and ASX listing, the Group had in place a Management Equity Plan. The securities issued under the plan, included 'M' and 'N' class shares (**Plan Shares)**. The Plan Shares were non-voting shares but had similar rights to ordinary fully paid shares in that they were able to receive dividends and other distributions.

Plan Shares were convertible into ordinary fully paid shares upon the satisfaction of vesting conditions, which included either an initial public offering or a sale of the business. The Plan Shares expire 10 years from the date of issue (Plan Shares were issued in FY18 and FY19).

The consideration for the M Class Plan Shares was funded through a non-recourse loan to participants, which is repayable on any sale of the shares. The consideration payable for the N Class Plan Shares was paid in cash.

At the beginning of the prior reporting period, there were 13,807,630 Plan Shares on issue (consisting of 13,349,630 M Class and 458,000 N Class Plan Shares). Refer to Note 30 in the Notes To The Financial Statements for further details.

On 9 March 2021, the Plan Shares vested and were converted into ordinary fully paid shares in DDH1 Limited as part of the corporate restructuring and are subject to the terms of an Escrow Deed. The non-recourse loan continues to remain in place over these ordinary shares.

The Escrow Deed transitioned the Plan Shares from the previous parent entity, DDH1 Holdings Pty Ltd to the new publicly listed entity, DDH1 Limited. Under the terms of the Escrow Deed, the vested ordinary fully paid shares are required to be held in escrow for the following periods:

a) Half of the ordinary fully paid shares issued were to be held in escrow until the lodgement of the Company's 30 June 2021 financial report; and
b) The remaining ordinary fully paid shares are to be held in escrow until the lodgement of the Company's 30 June 2022 financial report.

Two members of the Executive held Plan Shares. Mr Van Dyk held 5,083,000 Plan Shares and Mr MacKinnon held 1,104,896 Plan Shares. On 9 March 2021, these Plan Shares converted to ordinary shares but remain subject to the escrow periods detailed above.

The Escrow Deed execution constituted a modification to the original plan, which requires the Plan Shares to be fair valued at the modification date. This modification of the Plan Shares resulted in an incremental fair value differential of $226,206 which has been expensed in the comparative reporting period. Of this, $78,369 related to Mr Van Dyk's Plan Shares and $18,722 related to Mr MacKinnon's.

Once the escrow periods expire, if the ordinary shares issued in respect to the Plan Shares are sold on market, then the loan must be repaid immediately out of share sale proceeds.

The Management Equity Plan is no longer in existence, as all Plan Shares have been converted to ordinary shares and the Management Equity Plan has been replaced by the Long-Term Incentive Plan, described below.

Remuneration Report (Audited)

Long-Term Incentive Plan (LTIP)

The key terms of the LTIP are set out in the table below.

TOPIC	SUMMARY
Eligibility to participate	All executive and other eligible senior management
Maximum number of equity securities permitted to be issued under the LTIP	5% of the total number of Shares on issue at any time (including Shares that may be issued as a result of offers under the LTIP made during the preceding three-year period or any other releVant employee incentive scheme). The LTIP also includes an overall limit of 10% of the total number of shares on issue at the time of the IPO. For purposes of ASX Listing Rule 7.2, Exception 13 only, the maximum number of securities to be issued under the LTIP is 34,222,985.
Offers under the LTIP	The Board has the discretion to determine: • When LTIP awards are granted; and • The quantum of LTIP awards to be made. The LTIP provides flexibility for the Company to grant rights, options and/or shares as equity-based incentives. The current equity instrument used is Performance Rights.
Grant of Performance Rights	Performance Rights are granted to participants for nil consideration under the LTIP. A Performance Right entitles the participant to acquire one ordinary fully paid share, subject to the achievement of the releVant performance criteria. No amount is payable by the participant on vesting of Performance Rights. LTIP grants were made in November 2021 for FY22.
Quantum of grants	The final number of Performance Rights a participant receives is determined by dividing the dollar value of their LTIP by the Company's share price at the point of allocation of shares.
Performance period	The performance period is at the end of three years from grant date.
Performance criteria, vesting conditions	Performance Rights granted vest at the end of the performance period, subject to the satisfaction of the following vesting conditions: • 30% of the Performance Rights are subject to a Compound Annual Growth Rate (**CAGR**) in DDH1's Total Shareholder Return (**TSR**) (**TSR Hurdle**); and • 70% of the Performance Rights are subject to a CAGR in DDH1's Earnings Per Share (**EPS**) (**EPS Hurdle**).

Remuneration Report (Audited)

<table>
<tr><th>TOPIC</th><th>SUMMARY</th></tr>
<tr><td>Performance criteria, vesting conditions</td><td>
TSR Hurdle
The percentage of Performance Rights that vest, if any, will be based on the following vesting schedule:
<table>
<tr><th>DDH1’S CAGR IN TSR OVER THE PERFORMANCE PERIOD</th><th>% OF PERFORMANCE RIGHTS THAT VEST</th></tr>
<tr><td>Below 15%</td><td>Nil</td></tr>
<tr><td>15%</td><td>50%</td></tr>
<tr><td>Between 15% and 25%</td><td>Straight-line pro-rata vesting between 50% anc 100%</td></tr>
<tr><td>At or greater than 25%</td><td>100%</td></tr>
</table>
EPS Hurdle
The percentage of Performance Rights comprising the EPS Hurdle that vest, if any, will be based on the following vesting schedule:
<table>
<tr><th>DDH1’S CAGR IN EPS OVER THE PERFORMANCE PERIOD</th><th>% OF PERFORMANCE RIGHTS THAT VEST</th></tr>
<tr><td>Below 7.5%</td><td>Nil</td></tr>
<tr><td>7.5%</td><td>33%</td></tr>
<tr><td>Between 7.5% and 20%</td><td>Straight-line pro-rata vesting between 7.5% anc 20%</td></tr>
<tr><td>At or greater than 20%</td><td>100%</td></tr>
</table>
Any Performance Rights that remain unvested at the end of the performance period will lapse immediately unless otherwise determined by the Board.
Vesting conditions may be reduced or waived in whole or in part at any time by the Board, subject to any necessary Shareholder approval having been obtained.
</td></tr>
<tr><td>Voting and dividend entitlements</td><td>
Performance Rights do not carry dividend or voting rights unless and until the Performance Rights are exercised, and shares are issued upon such exercise.
Shares issued upon vesting of Performance Rights carry the same dividend and voting rights as other Shares.
</td></tr>
</table>

Remuneration Report (Audited)

TOPIC	SUMMARY
Restrictions on dealing	As part of the Company's Securities Trading Policy, participants must not sell, transfer, encumber, hedge or otherwise deal with Performance Rights granted, unless the Board consents or the dealing is required by law. Participants will be free to deal with vested shares, subject to the Company's Securities Trading Policy.
Cessation of employment	If a participant ceases employment due to special circumstances (including death, terminal illness or permanent disablement) or due to the participant's resignation or termination, unless the Board determines otherwise and is subject to applicable laws, unvested Performance Rights will automatically lapse. If a participant ceases employment after Performance Rights have vested but not exercised, the participant may continue to hold such vested Performance Rights depending on the circumstances of the cessation of employment.
Change of control	The Board may, in its absolute discretion, determine how a participant's Performance Rights will be dealt with on a change of control event.
Forfeiture	The Board may determine that all or any portion of Performance Rights held by a participant will lapse if the Board determines that, among other things, the participant has: • Been dismissed or removed from office for a reason which entitles a member of the DDH1 Group to dismiss the participant without notice; • Been convicted on indictment of an offence against the Corporations Act in connection with the affairs of a member of the DDH1 Group; or • Committed an act of fraud, defalcation or gross misconduct in relation to the affairs of a member of the DDH1 Group (whether or not charged with an offence).
Clawback	The Board has clawback powers, which it may exercise if: • There has been a material misstatement in DDH1's financial statements; • A participant has acted fraudulently or with malfeasance; or • Some other event has occurred, which, as a result, means that the performance criteria in respect of any vested Performance Rights were not, or should not have been determined to have been, satisfied.

During the reporting period, Performance Rights under the LTIP have been issued to executives and other eligible senior managers of the Group. Details of the Performance Rights issued to executives are in Section 4 of the Remuneration Report.

Remuneration Report (Audited)

4. Executive Remuneration Outcomes for FY21

4.1 Fixed remuneration outcomes

There was change to fixed remuneration for existing key management personnel (Ben MacKinnon) in the current reporting period. Refer to table within section 4.4.

4.2 Variable remuneration outcomes

4.2.1 FY22 STI plan

In FY22 and FY21, the executives had key performance indicators (**KPIs**) set to focus executive efforts on the overall financial performance and safety. The information regarding satisfaction of the applicable KPIs for these financial years is set out below:

CRITERIA	KPI	WEIGHT	PAYMENT SCHEDULE	RATIONALE	ACHIEVEMENT
Health & Safety	TRIFR	30%	STI criteria is payable 100% in cash, with 30% subject to a deferred payment term which includes 15% deferred until 12 months after vesting and the remaining 15% deferred until 24 months after vesting	The Board regularly reviews the Company's safety performance in detail and strives to achieve a 'zero harm' workplace at DDH1. TRIFR measures progress towards this goal.	Above target with 78% vesting
Financial (Group)	Operating Proforma EBITDA (excluding Swick result)	70%		This reflects the Company's financial performance against budget for the year ended 30 June 2022.	Above target with 24.94% vesting

Outcome of FY22 STI Plan

EXECUTIVE	MAX FY22 STI AVAILABLE	% VESTED	% FORFEITED	STI ACHIEVED
Sy Van Dyk (Managing Director)	$270,000	66%	34%	$178,982
Ben MacKinnon (Chief Financial Officer)	$150,000	66%	34%	$99,434

In FY22, the executives achieved the target Operating Pro Forma EBITDA and the threshold for TRIFR. The performance of these measures resulted in 66% of the STI applicable vesting.

70% of the STI achieved will be paid in cash in September 2022, with the remaining 30% deferred with two equal cash payments 12 and 24 months after vesting.

Remuneration Report (Audited)

4.2.2 Outcome of FY21 STI Plan

EXECUTIVE	MAX FY21 STI AVAILABLE	% VESTED	% FORFEITED	STI ACHIEVED
Sy Van Dyk (Managing Director)	$270,000	70%	30%	$189,000
Ben MacKinnon (Chief Financial Officer)	$100,000	70%	30%	$70,000

In FY21, the executives achieved the target Operating Pro Forma EBITDA which resulted in 100% of the STI applicable vesting. The threshold for TRIFR was not achieved, which resulted in forfeiture of the STI applicable.

70% of STI achieved was paid in cash in September 2021, followed by a deferred payment term of an additional 15% in July 2022 and the remaining 15% is deferred until July 2023.

4.2.3 FY22 LTI Plan

Outcome of FY22 LTI Plan

CRITERIA	KPI	WEIGHT	RATIONALE	PERFORMANCE PERIOD
Value Creation (Group)	CAGR in TSR of 15% to 25% over the performance period (**TSR Hurdle**)	30%	To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained Group performance over the long term. It also rewards executives who have contributed to the Company's value creation and support the retention and attraction of executives.	The grant of Performance Rights during the year is subject to a performance period commencing 1 July 2021 to 30 June 2024.
Financial (Group)	CAGR in EPS of 7.5% to 20% over the performance period (**EPS Hurdle**)	70%		

4.2.4 Outcome of FY21 LTI Plan

CRITERIA	KPI	WEIGHT	RATIONALE	PERFORMANCE PERIOD
Value Creation (Group)	CAGR in TSR of 15% to 25% over the performance period (**TSR Hurdle**)	30%	To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained Group performance over the long term. It also rewards executives who have contributed to the Company's value creation and support the retention and attraction of executives.	The grant of Performance Rights during the year is subject to a performance period commencing 9 March 2021 and ending 30 June 2023.
Financial (Group)	CAGR in EPS of 15% to 25% over the performance period (**EPS Hurdle**)	70%		

Remuneration Report (Audited)

4.2.5 Fair Value of LTI issued

On 18 November 2021, Mr Van Dyk was issued 61,364 Performance Rights subject to the TSR Hurdle, which had a fair value of $24,546 and 143,182 Performance Rights subject to the EPS Hurdle, which had a total fair value of $151,773.

On 8 November 2021, Mr MacKinnon was issued 40,909 Performance Rights subject to the TSR Hurdle, which had a fair value of $15,955 and 95,455 Performance Rights subject to the EPS Hurdle, which had a total fair value of $100,228.

The vesting date for all the Performance Rights detailed above is 31 August 2024. If conditions are met and the Performance Rights are issued, the expiration date is 10 years after the granting date. Thus, if issued the expiry date for the Performance Rights will be 31 August 2034.

The fair value of the Performance Rights was determined using the Black Scholes Model for the EPS Hurdle with a Monte Carlo simulation methodology used for the TSR Performance Rights. The valuation was undertaken by a professional accounting firm and the information contained below is from their report:

The inputs into the models were as follows:

INPUT	CEO	EXECUTIVE
Grant date	18 November 2021	8 November 2021
Share Price	$1.19	$1.18
Exercise Price	Nil (as per plan rules)	Nil (as per plan rules)
Expected Volatility	35%-45%	35%-45%
Expected life (years)	2.8 years	2.8 years
Risk Free Rate	0.97%	0.85%
Expected Dividend Yield	4.0%	4.0%

VALUATION	CEO	EXECUTIVE
EPS Hurdle	$1.06	$1.05
TSR Hurdle	$0.40	$0.39

4.3 Performance against KPIs

The below table outlines the proportion of maximum incentive opportunity that was earned (i.e. awarded following testing), forfeited (i.e. not awarded following testing), and deferred (to be tested in FY23 or FY24) in relation to the FY22 LTI Plan.

Remuneration Report (Audited)

4.3 Performance against KPIs (continued)

FY22 STI and LTI outcomes

	STI CASH				LTI (PERFORMANCE RIGHTS)			
EXECUTIVE	MAXIMUM STI ($)	STI EARNED IN FY22 ($)	FY22 STI DEFERRED ($)	STI FORFEITED IN FY22 ($)	MAXIMUM LTI (1) ($)	LTI TESTED AND EARNED IN FY22 ($)	LTI TESTED AND FORFEITED IN FY22 ($)	LTI TO BE TESTED ACROSS FY22, FY23 & FY24 ($)
Sy Van Dyk	270,000	125,287	53,695	91,018	243,410	-	-	243,410
Ben MacKinnon	150,000	69,604	29,830	50,566	153,546	-	-	153,546

(1) LTI – Max value represents the face value ($1.18 and $1.19 per share) of Performance Rights granted during the reporting period.

FY21 STI and LTI outcomes

	STI CASH			LTI (PERFORMANCE RIGHTS)			
EXECUTIVE	MAXIMUM STI ($)	STI EARNED IN FY21 ($)	STI FORFEITED IN FY21 ($)	MAXIMUM LTI (2) ($)	LTI TESTED AND EARNED IN FY21 ($)	LTI TESTED AND FORFEITED IN FY21 ($)	LTI TO BE TESTED ACROSS FY21, FY22 & FY23 ($)
Sy Van Dyk	270,000	189,000	81,000	225,000	-	-	225,000
Ben MacKinnon	100,000	70,000	30,000	125,000	-	-	125,000

(2) LTI – Max value represents the face value ($1.10 per share) of Performance Rights granted during FY21.

Remuneration Report (Audited)

4.4 Statutory Executive remuneration

The following table sets out total remuneration for Executives in FY22 and FY21, calculated in accordance with statutory accounting requirements. The compensation detailed below was in respect to their roles within the Group during the reporting period.

Statutory Executive KMP remuneration:

YEAR ENDED 30 JUNE 2022	SHORT TERM EMPLOYEE BENEFITS				POST – EMPLOYMENT BENEFITS			SHARE BASED PAYMENTS		
EXECUTIVE	SALARY & FEES	ANNUAL LEAVE (1)	SHORT TERM INCENTIVE	NON-MONETARY	SUPER-ANNUATION	OTHER LONG-TERM BENEFITS (1)	TERMINATION BENEFITS	LONG TERM EQUITY INCENTIVES	TOTAL	% OF REMUNERATION PERFORMANCE RELATED
Sy Van Dyk	$450,000	$1,275	$125,287	$1,440	$23,568	-	-	$97,616	$699,186	32%
Ben MacKinnon	$332,356	$14,571	$69,604	$1,120	$23,568	-	-	$59,128	$500,347	26%

1 Relates to the Executives' entitlements for annual and long service leave
2 Relates to the expense recognised in respect the previously issued Plan Shares as Detailed in Section 3C of this Remuneration Report.

YEAR ENDED 30 JUNE 2021	SHORT TERM EMPLOYEE BENEFITS				POST – EMPLOYMENT BENEFITS			SHARE BASED PAYMENTS			
EXECUTIVE	SALARY & FEES	ANNUAL LEAVE (1)	SHORT TERM INCENTIVE	NON-MONETARY	SUPER-ANNUATION	OTHER LONG-TERM BENEFITS (1)	TERMINATION BENEFITS	LONG TERM EQUITY INCENTIVES	PLAN SHARES (2)	TOTAL	% OF REMUNERATION PERFORMANCE RELATED
Sy Van Dyk	$450,000	$34,615	$189,000	$1,440	$21,694	-	-	$23,291	$553,945	$1,273,985	60%
Murray Pollock (3)	$192,466	$14,805	-	$1,440	$18,284	$3,208	-	-	-	$230,203	0%
Ben MacKinnon	$250,000	$19,231	$70,000	$1,120	$21,694	-	-	$12,939	$113,810	$488,794	40%

1 Relates to the Executives' entitlements for annual and long service leave
2 Relates to the expense recognised in respect the previously issued Plan Shares as Detailed in Section 3C of this remuneration report
3 Mr Pollock ceased being remunerated as an executive on 9 March 2021. At this time, his annual leave and long service leave entitlements were paid out.

Remuneration Report (Audited)

5. Executive Contracts

Remuneration arrangements for Executives are formalised in employment agreements that provide for an indefinite term. The executives' termination provisions are as follows:

EXECUTIVE	RESIGNATION	RESTRICTIONS
Managing Director & CEO notice period (by the company or executive)	The Managing Director & CEO's employment may be terminated by either party upon providing three months written notice. The Company may elect to pay Mr Van Dyk in lieu of all or part of such notice period, with any such payment based on Mr Van Dyk's fixed annual remuneration over the releVant period and any accrued entitlements. The Board may also require Mr Van Dyk to serve out the whole or part of the notice period on an active or passive basis. Mr Van Dyk's employment may also be terminated by DDH1 Limited without notice in circumstances of serious misconduct such as material breach (including disobedience, dishonesty, serious or persistent breach of duty), being charged with a criminal offence which in the reasonable opinion of the Board will detrimentally affect DDH1 Group, bankruptcy and failure to comply with a lawful and reasonable direction from the Board. Any payments made to Mr Van Dyk upon the termination of his employment will be limited to the maximum amount permitted by the ASX Listing Rules, Corporations Act or any other applicable law.	For a period of up to 12 months following the termination of Mr Van Dyk's employment, he must not solicit or engage any director or employee of the DDH1 Group or entice away, accept services from or persuade any customer or supplier of the DDH1 Group to discontinue or reduce their business with the DDH1 Group. Mr Van Dyk will also be restrained for a period of up to 12 months following termination from participating in any business that competes with the business of the DDH1 Group. The enforceability of the restraint clause is subject to all usual legal requirements.
CFO notice period (by the Company or executive)	The CFO's employment may be terminated by either party upon providing three months written notice. DDH1 Limited may elect to pay out Mr MacKinnon in lieu of all or part of such notice period, with any such payment based on Mr MacKinnon's fixed annual remuneration over the releVant period and any accrued entitlements. The Board may also require Mr MacKinnon to serve out the whole or part of the notice period on an active or passive basis. Mr MacKinnon's employment may also be terminated by DDH1 Limited without notice in circumstances of serious misconduct such as material breach (including disobedience, dishonesty, serious or persistent breach of duty), being charged with a criminal offence which in the reasonable opinion of the Board will detrimentally affect the DDH1 Group, bankruptcy and failure to comply with a lawful and reasonable direction from the Board. Any payments made to Mr MacKinnon upon the termination of his employment will be limited to the maximum amount permitted by the ASX Listing Rules, Corporations Act or any other applicable law.	For a period of up to 12 months following the termination of Mr MacKinnon's employment, he must not solicit or engage any director or employee of the DDH1 Group or entice away, accept services from or persuade any customer or supplier of the DDH1 Group to discontinue or reduce their business with the DDH1 Group. Mr MacKinnon will also be restrained for up to 12 months following termination from participating in any business that competes with the business of the DDH1 Group. The enforceability of the restraint clause is subject to all usual legal requirements.

Remuneration Report (Audited)

6. Non-Executive Director Remuneration for FY22

Non-Executive Director Remuneration Policy

The Company's Non-Executive Director Remuneration structure is to provide for remuneration that is sufficient to attract and retain Directors with the experience, knowledge and judgement to oversee the Company's success. Fees are not linked to the financial performance of the Company in order for Non-Executive Directors to retain independence.

Non-Executive Directors' Remuneration Structure and Fee Pool

The remuneration structure for Non-Executive Directors consists of a base Director fee and committee fee for participation on nominated Board subcommittees. All fees are inclusive of statutory superannuation. Directors' fees are determined within an aggregated Directors' fee pool limit of $1,000,000. Non-Executive Director's fees will be adjusted annually for CPI, and assessed against market rates periodically.

Committee fees are payable to members of the Audit & Risk Committee and the People Committee.

The table below summarises the annual Board and Committee fee payable (inclusive of superannuation):

BOARD FEES	FY22	FY21
Chairman	$150,000	$150,000
Non-Executive Directors	$100,000	$100,000

COMMITTEE FEES	FY22	FY21
Committee Chair	$10,000	$10,000
Committee Member	$5,000	$5,000

Remuneration Report (Audited)

Non-Executive Director Remunerations Outcomes for FY22

The remuneration of Non-Executive Directors for the year ended 30 June 2022 and the comparative 30 June 2021 period is detailed in the tables below. No members of the Non-Executive Directors were remunerated in relation to DDH1 Limited in the prior year. The amounts included in respect to 30 June 2021 included their roles at DDH1 Holdings Pty Ltd (the previous head entity of the Group).

Statutory Non-Executive Director Remuneration

YEAR ENDED 30 JUNE 2022	SHORT TERM EMPLOYEE BENEFITS	POST – EMPLOYMENT BENEFITS	
NON-EXECUTIVE DIRECTOR	FEES	SUPERANNUATION	TOTAL
Diane Smith-Gander, AO (1)	$151,206	$3,794	$155,000
Alan Broome, AM (2)	$110,000	-	$110,000
Andrea Sutton	$104,545	$10,455	$115,000
Byron Beath (3)	$105,000	-	$105,000
Murray Pollock	$95,455	$9,545	$105,000

1 Ms Smith-Gander's Director fees are paid to DSG Advisory Pty Ltd, an entity in which Ms Smith-Gander is a director and shareholder from April 2022.

2 Mr Broome's Director fees are paid to B&H Consulting & Engineering Pty Ltd, an entity in which Mr Broome is a director and shareholder.

3 Mr Beath's Director fees are paid to Oaktree Capital Management an entity which is part of the Oaktree Capital Management Group of which Mr Beath is an employee.

YEAR ENDED 30 JUNE 2021	SHORT TERM EMPLOYEE BENEFITS	POST – EMPLOYMENT BENEFITS	
NON-EXECUTIVE DIRECTOR	FEES	SUPERANNUATION	TOTAL
Diane Smith-Gander, AO (1)	$42,409	$4,029	$46,438
Alan Broome, AM (2)	$90,000	-	$90,000
Andrea Sutton (1)	$29,687	$2,820	$32,507
Byron Beath (3)	$35,000	-	$35,000
Murray Pollock	$28,273	$2,686	$30,959

1 In addition to the above payments, these Directors received payments for their contribution to the due diligence process for the Company's IPO, prior to their appointment as Directors. This was $44,000 for Ms Sutton and $52,000 for Ms Smith-Gander.

2 Mr Broome's Director fees are paid to B&H Consulting & Engineering Pty Ltd, an entity in which Mr Broome is a director and shareholder. Mr Broome was previously the Non-Executive Chair of DDH1 Holdings Pty Ltd and he was paid $80,000 per annum. This increased to $110,000 in March 2021.

3 Mr Beath's Director fees are paid to Oaktree Capital Management an entity which is part of the Oaktree Capital Management Group of which Mr Beath is an employee.

Remuneration Report (Audited)

7. Additional Disclosures Relating To Security Holdings

Executive allocated, vested or lapsed securities

Grant and vesting of equity-settled awards made to executives in connection with the Company's Long-Term Incentive Plan is set out in the following table:

NUMBER GRANTED							
EXECUTIVE	GRANT DATE	INSTRUMENT	NUMBER GRANTED	% VESTED IN FY22	% FORFEITED IN FY22	VESTING DATE	FAIR VALUE OF SHARES / RIGHTS AT THE GRANT DATE
Sy Van Dyk	4 Mar 2021	Performance Rights	204,545	-	-	30 June 2023	$172,431
Sy Van Dyk	18 November 2021	Performance Rights	204,545	-	-	31 August 2024	$176,319
Ben MacKinnon	4 Mar 2021	Performance Rights	113,636	-	-	30 June 2023	$95,795
Ben MacKinnon	8 November 2021	Performance Rights	136,364	-	-	31 August 2024	$116,183

Performance Rights held by executives at 30 June 2022

The below table represents the number of performance rights granted and held by executives during the reporting period:

EXECUTIVE	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING YEAR	EXERCISED DURING YEAR	LAPSED DURING YEAR	BALANCE AT END OF YEAR	EXERCISABLE	NON-EXERCISABLE
Sy Van Dyk	204,545	204,545	-	-	409,090	-	409,090
Ben MacKinnon	113,636	136,364	-	-	250,000	-	250,000

Remuneration Report (Audited)

Shareholdings held by KMPs at 30 June 2022

The following table details the number of ordinary shares in DDH1 Limited held by the KMPs during the reporting period:

EXECUTIVE & DIRECTORS	BALANCE AT BEGINNING OF YEAR	ISSUED ON EXERCISE OF RIGHTS DURING THE YEAR	PURCHASE OF SHARES	SALE OF SHARES	BALANCE AT END OF YEAR
Sy Van Dyk	4,966,795	-	-	-	4,966,795
Ben MacKinnon	1,104,896	-	-	-	1,104,896
Diane Smith Gander, AO	45,456	-	102,174	-	147,629
Alan Broome, AM	45,455	-	-	-	45,455
Byron Beath	-	-	-	-	-
Murray Pollock	47,419,961	-	-	-	47,419,961
Andrea Sutton	45,455	-	50,000	-	95,455

8. Loans to key management personnel and their related parties

As detailed in Section 3C of this Remuneration Report, Mr Van Dyk and Mr MacKinnon held Plan Shares. A non-recourse loan was provided to each to fund their purchase of the M Class Plan Shares.

Accordingly, there is currently an outstanding non-recourse loan for the 4,625,000 shares issued to Mr Van Dyk and 1,104,896 shares issued to Mr MacKinnon. The value of the loans associated with the Executives is 41 cents per share. The non-recourse loans are payable on the sale of shares or at 10 years from the date that their M Class shares were issued.

9. Other transaction balances with key management personnel and their related parties

Outside of the information provided in the above sections, there were no other transactions with KMP's and / or their related parties during the year ended 30 June 2022 or the comparative period ended 30 June 2021.

This concludes the end of the remuneration report.

Directors' Report

Indemnity of Officers and Auditors

The Company has paid premiums to insure each of the Directors and Company Officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Director or Officer of the Company other than conduct involving a wilful breach of duty in relation to the Company. The premium paid is not stated as it is prohibited under the contract.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceeding during the year.

Non-Audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the Auditor, Deloitte, are outlined in Note 33 to the financial statements.

The Directors are satisfied that the provision of these non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- None of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's work, acting in a management or decision-making capacity for the company, acting as an advocate for the company or jointly sharing economic risks and rewards.

Rounding off of amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191,* dated 24 March 2016 and in accordance with that, Corporations Instrument amounts in this directors' report are rounded to the nearest thousand dollars, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Approval of Directors' Report

This Directors' Report is made in accordance with a resolution of the Board of Directors pursuant to section 298(2) of the *Corporations Act 2001*.

Diane Smith-Gander. AO
Chairperson
Dated this 29th day of August 2022

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

29 August 2022

The Board of Directors
DDH1 Limited
21 Baile Road
CANNING VALE WA 6155

Dear Board Members

Auditor's Independence Declaration to DDH1 Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of DDH1 Limited.

As lead audit partner for the audit of the financial report of DDH1 Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

	Note	30 June 2022 $000s	30 June 2021 $000s
Revenue	4	415,377	294,606
Other income	4	8,427	4,206
Other gains and losses	4	(2,300)	(139)
Administrative expenses	5	(8,022)	(4,901)
Drilling consumables		(42,799)	(32,686)
Employee and contract labour expenses	5	(191,182)	(132,091)
Fuel and oil expenses		(10,162)	(6,457)
Freight and couriers		(6,105)	(3,909)
Hire of plant		(14,614)	(8,501)
Service and repair expenses		(31,892)	(23,869)
Travel expenses		(15,242)	(10,412)
IPO expenses		-	(7,431)
Business combination expenses	36	(3,820)	-
Other expenses		(6,884)	(2,806)
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")		**90,782**	**65,610**
Depreciation expense	5	(29,956)	(21,528)
Amortisation expense	5	(5,808)	(2,151)
Earnings before Interest and Tax ("EBIT")		**55,018**	**41,931**
Interest income		7	1
Finance costs	5	(1,651)	(2,526)
Profit before tax		**53,374**	**39,406**
Income tax benefit / (expense)	18	(17,515)	17,780
Profit for the year		**35,859**	**57,186**
Other comprehensive income, net of income tax			
Exchange differences on foreign controlled entities	23(b)	**818**	**-**
Total comprehensive income for the year		**36,677**	**57,186**
Profit attributable to owners of the parent		**36,677**	**57,186**
Total comprehensive income attributable to owners of the parent		**36,677**	**57,186**
Earnings per share			
Basic (cents per share)	20	9.77	18.58
Diluted (cents per share)	20	9.72	18.02

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

As at 30 June 2022

	Note	30 June 2022 $000s	30 June 2021 $000s
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	17,941	14,591
Trade and other receivables	7	93,563	55,696
Inventories	8	55,849	26,098
Current tax asset		3,856	4,279
Other current assets	9	1,791	1,221
TOTAL CURRENT ASSETS		**173,000**	**101,885**
NON-CURRENT ASSETS			
Financial assets	10	2,633	562
Intangible assets	11	61,385	30,818
Property, plant and equipment	12	223,290	129,415
Right of use assets	13	13,693	4,228
Deferred tax asset	19	-	14,413
TOTAL NON-CURRENT ASSETS		**301,001**	**179,437**
TOTAL ASSETS		**474,001**	**281,322**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	51,091	28,757
Lease liabilities	15	4,321	3,217
Provisions	17	20,076	8,433
TOTAL CURRENT LIABILITIES		**75,488**	**40,407**
NON-CURRENT LIABILITIES			
Lease liabilities	15	14,975	6,424
Borrowings	16	30,000	-
Provisions	17	626	804
Deferred tax liabilities	19	10,900	-
TOTAL NON-CURRENT LIABILITIES		**56,501**	**7,228**
TOTAL LIABILITIES		**131,989**	**47,635**
NET ASSETS		**342,012**	**233,687**
EQUITY			
Issued capital	21	464,543	375,025
Group reorganisation reserve	22	(266,574)	(266,574)
Share based payment reserve	23(a)	3,706	3,837
Foreign Currency Translation Reserve	23(b)	818	-
Retained earnings	24	139,519	121,399
TOTAL EQUITY		**342,012**	**233,687**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2022

	Note	Issued Capital $000s	Group Reorganisation Reserve $000s	Share Based Payment Reserve $000s	Foreign Currency Reserve $000s	Fair value reserve $000s	Retained Earnings $000s	Total Equity $000s
DDH1 Holdings Pty Ltd								
Balance as at 1 July 2020	1	**209,665**	**(140,812)**	**2,194**	**-**	**-**	**64,213**	**135,260**
DDH1 Limited								
Profit for the year		-	-	-	-	-	57,186	**57,186**
Other comprehensive income for the year		-	-	-	-	-	-	**-**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**57,186**	**57,186**
Group reorganisation	22	226,427	(266,574)	2,194	-	-	64,213	**26,260**
Issued capital	21	150,000	**-**	**-**	**-**	**-**	**-**	**150,000**
Share issue costs	21	(2,060)	-	-	-	-	-	**(2,060)**
Employee gift shares	21	658	-	-	-	-	-	**658**
Share based payment expense	23/30	-	-	1,643	-	-	-	**1,643**
As at 30 June 2021		**375,025**	**(266,574)**	**3,837**	**-**	**-**	**121,399**	**233,687**
Balance as at 1 July 2021	1	**375,025**	**(266,574)**	**3,837**	**-**	**-**	**121,399**	**233,687**
Profit for the year		-	-	-	-	-	35,859	**35,859**
Other comprehensive income for the year	23(b)	-	-	-	818	-	-	**818**
Total comprehensive income for the year		**-**	**-**	**-**	**818**	**-**	**35,859**	**36,677**
Dividends paid	25	-	-	-	-	**-**	**(17,739)**	**(17,739)**
Share capital issued as part of acquisition of subsidiary	36	88,152	-	-	-	-	-	**88,152**
Proceeds received for treasury shares	21	868	-	-	-	-	-	**868**
Transfer of share based payment reserve to issued capital	21	498	-	(498)	-	-	-	**-**
Share based payment expense	23/30	-	-	367	-	-	-	**367**
As at 30 June 2022		**464,543**	**(266,574)**	**3,706**	**818**	**-**	**139,519**	**342,012**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 June 2022

	Note	30 June 2022 $000s	30 June 2021 $000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		447,566	314,190
Payments to suppliers and employees		(362,765)	(245,434)
Finance costs		(1,651)	(2,526)
Interest received		7	1
Income tax received/(paid)		979	(17,624)
Net cash generated by operating activities	6(b)	**84,136**	**48,607**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of property, plant and equipment		484	312
Payments for property, plant and equipment		(65,014)	(39,251)
Payments for intangibles		(587)	(71)
Cash acquired on business combination	36	4,994	-
Payment of acquisition costs	36	(3,819)	-
Proceeds from sale of financial assets		-	95
Net cash used in investing activities		**(63,942)**	**(38,915)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	41,000
Proceeds from treasury shares		868	-
Share issue costs		-	(9,491)
Principal payments for lease liabilities		(3,594)	(2,742)
Repayment of borrowings		-	(61,449)
Dividends paid	25	(17,739)	-
Net cash used in financing activities		**(20,465)**	**(32,682)**
Net (decrease) / increase in cash and cash equivalents		3,193	(22,990)
Cash and cash equivalents at beginning of the year		14,591	37,581
Effect of foreign exchange rate changes		157	-
Cash and cash equivalents at the end of the year	6(a)	**17,941**	**14,591**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

1. General Information

The financial report covers DDH1 Limited (the "**Company**") and the subsidiaries it controlled during the year (the "**Group**"). The Company is listed on the Australian Securities Exchange (ASX Code: DDH).

DDH1 Limited is a company limited by shares incorporated in Australia. The address of its registered office and principal place of business is 21 Baile Road, Canning Vale, Western Australia 6155.

Summary of significant accounting policies

1.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board ("AASB") and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

1.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at re-valued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars ($), which is DDH1 Drilling Limited's functional and presentation currency. All amounts are presented in Australian dollars unless otherwise noted.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing asset or liability at the measurement date.

Corporate Restructure

On 9 March 2021, when the Company listed on the ASX, a restructure of the Group was undertaken whereby the Company, via its wholly-owned subsidiary DDH1 Group Holdings Pty Ltd, acquired 100% of the share capital of DDH1 Holdings Pty Ltd ("DDH1 Holdings"). Under the terms of this restructure, the Company became the ultimate parent of DDH1 Holdings.

Due to the corporate restructure, the consolidated financial statements of DDH1 Limited have been prepared, by an accounting policy choice, as a continuation of the business and operations of DDH1 Holdings except that the issued capital and consolidated statement of changes in equity presented is that of the Company.

Notes to the Consolidated Financial Statements (continued)

1.2 Basis of preparation (continued)

The implications of the corporate restructure on 9 March 2021 on the consolidated financial statements, including the comparative financial statements, was as follows:

a) **Consolidated Statement of Profit or Loss and Other Comprehensive Income**
The current year financial performance is that of the combined Group. The comparative financial year information is that of DDH1 Holdings and its controlled entities (referred to as "DDH1 Holdings Group") prior to the group reorganisation that occurred on IPO in March 2021 and of the combined group thereafter. For calculation of earnings per share, the capital reflects the new capital structure put in place on IPO in March 2021.

b) **Consolidated Statement of Changes in Equity**
When the group undertook the corporate restructure whereby the Company became the ultimate parent of DDH1 Holdings it accounted for the group reorganisation as a continuation of DDH1 Holdings except that with effect from the corporate restructure the share capital is that of the Company. The Group Reorganisation Reserve (refer to Note 22) represents the excess of the fair value of the shares issued by the Company on 9 March 2021 over the carrying value of the net assets of the DDH1 Holding Group as of that date.

c) **Consolidated Statement of Cash Flows**
The Comparative consolidated cashflows represent those of DDH1 Holdings Group until the group reorganisation on IPO in March 2021 and those of the combined group thereafter.

1.3 Rounding off of amounts

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/*191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The principal accounting policies adopted by the Group are set out below.

1.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affects its returns.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The total comprehensive income of subsidiaries is attributed to the owners of the Company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Consolidated Financial Statements (continued)

1.4 Basis of consolidation (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the releVant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

1.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 *Share-Based Payments* at the acquisition date (see below); and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates, and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

1.5 Business combinations (continued)

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1.6 Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal

1.7 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Notes to the Consolidated Financial Statements (continued)

1.7 Revenue recognition (continued)

Revenue is recognised for the major business activities as follows:

(i) Drilling revenue

The Group provides a range of drilling services to its clients in the mining, exploration and broader resources sector. Drilling service contracts can be long or short term and are generally structured as an overarching master agreement, with individual work orders made by the customer. Each work order will specify the services to be performed. The combination of the master agreement and each work order forms a contract with the customer.

The revenue derived from these services is recognised when the work has been completed as per the clients' directions and in the accounting period in which the services were rendered. Revenue is determined either on a per-day or per-metre rate, depending on the specific contract.

Contracts entered into can cover services that involve different processes and continuous drilling services activities in a sequential set of mobilisation, drilling and demobilisation activities which are invoiced to the customer as those activities progress.

These processes and activities are highly interrelated and the Group provides a significant service of integration of such activities. Where this is the case, these activities and processes are accounted for as one performance obligation.

Revenue from services rendered is recognised in the statement of profit and loss and other comprehensive income over time. The Group has a contractual right to consideration from a customer for an amount that corresponds directly with the value to the customer of the performance completed to date (for example, number of meters drilled). As a result, the Group applies the practical expedient to recognise revenue at the amount which it has the right to invoice.

Customers are invoiced on a monthly basis and revenue is recognised in the accounting period in which the right to invoice is obtained. Payment is received following invoice according to standard payment terms, which are generally between 30 to 60 days. Most drilling services contracts do not include variable payment terms.

(ii) Engineering sales

The Group sells drill rigs and parts directly to customers. Revenue recognition occurs at the point in time when control of the drill rigs and parts is transferred to the customer which occurs when the goods are collected or dispatched by/to the customer. The Group's right to consideration becomes unconditional at that date as only the passage of time is required before payment is due.

(iii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money. There are no significant financing components.

All revenue is stated net of the amount of goods and services tax (GST).

1.8 Leases

The Group assesses whether a contract is or contains a lease at the inception of the contract. Leases are recognised as a right of use asset and a corresponding liability at the date on which the leased asset is available for use by the Group, except for short term leases or low value assets. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the Consolidated Financial Statements (continued)

1.8 Leases (continued)

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If the rate can not be determined, the lessee's incremental borrowing rate is used being the rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease liabilities include the value of the following lease payments, where applicable:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lease under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances;
- The lease payments change due to changes in an index or rate or a change in expected payments under a guaranteed residual value; and/or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right of use assets comprise the initial measurement of the corresponding lease liability, less any lease incentives received and any initial direct costs. They are subsequently measured as cost less accumulated depreciation and any impairment losses.

The right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. The lease term is the current contracted lease term and the term of any lease extension option where there is a likelihood that the option to extend the lease will be exercised. The right of use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 *Impairment of Assets* to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in Note 1.14.

The Group applies the short-term lease recognition exemption (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered low value (i.e. below $5,000). Lease payments on short-term leases and leases of low-value assets recognised as an expense in profit or loss on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements (continued)

1.9 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

1.10 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.11 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

1.12 Income taxes

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group in Australia. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is DDH1 Limited, which is also the ultimate head of the Group. During the prior reporting period, the Group completed a corporate restructure (refer section 1.2) in March 2021 and as part of this restructure, all entities in the Group were brought into the tax consolidation group.

Tax expense, income tax benefits, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities of the members of the tax-consolidation group are recognised by the Company (as the head entity in the tax consolidation group).

The Company and each member of the tax-consolidation group have entered into a tax funding arrangement, in terms of which the Company and its subsidiary in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Notes to the Consolidated Financial Statements (continued)

1.12 Income taxes (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1.13 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Notes to the Consolidated Financial Statements (continued)

1.13 Property, plant and equipment (continued)

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group. On-going repairs and maintenance are expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment using both the diminishing value basis or straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss. Assets under hire purchase arrangements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. If we are reasonably certain the depreciation will be on the useful lives. Land is not depreciated.

The depreciation rates used for the current and comparative years of significant items of property, plant and equipment are as follows:

Classes of Fixed Asset	
Plant & equipment	6.67% - 50%
Motor vehicles	6.67% - 25%
Drilling rigs	6.67% - 12.50%
Office equipment, furniture & fittings	10% - 50%

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Notes to the Consolidated Financial Statements (continued)

1.14 Intangibles

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimate useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Customer relationships

Customer relationships acquired are initially recognised at fair value and are subsequently carried at amortised cost. Customer relationships are amortised to profit or loss using the straight-line method over the contract period or estimated useful life of the relationship, whichever is shorter (2-5 years).

Notes to the Consolidated Financial Statements (continued)

1.15 Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the releVant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the releVant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventories (including rigs being constructed) are determined after deducting rebates and discounts received or receivable. Costs are assigned on a weighted average basis.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchases and delivery costs, net of rebates and discounts received or receivable.

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

1.17 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements (continued)

1.17 Financial instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the releVant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in "interest income" on the statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements (continued)

1.17 Financial instruments (continued)

Financial assets (continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost (see (i) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL; and
- Debt instruments that do not meet the amortised cost criteria are classified as at FVTPL. In addition, debt instruments that meet the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other income' line item (Note 4). Fair value is determined in the manner described in Note 26(a).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Definition of default

The Group considers a customer going into administration as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet this criteria are generally not recoverable when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

(ii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the debtor has been placed under liquidation, it has entered into bankruptcy proceedings or when the financial asset is over two years past due). Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

1.17 Financial instruments (continued)

Financial assets (continued)

(iii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) it is designated as at FVTPL. The Group does not have any financial liabilities held for trading or that has been designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The Group does not have any hedging activities in the years presented. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Notes to the Consolidated Financial Statements (continued)

1.17 Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the releVant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including fees all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.19 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 30.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified awards, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Notes to the Consolidated Financial Statements (continued)

1.20 Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian Dollars.

The assets and liabilities of the Group's foreign operations are translated into Australian Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised through other comprehensive income and recognised in equity.

On the disposal of the foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

1.21 Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or in-country equivalent, except:

- Where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO) or in-country equivalent, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified within operating cash flows.

1.22 Application of new and revised accounting standards

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board ("AASB") that are releVant to its operations and effective for an accounting period that begins on or after 1 July 2021. None of the new standards and interpretation had a material impact on the Group.

Notes to the Consolidated Financial Statements (continued)

1.23 Standards and interpretations issued but not yet adopted

New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

At the date of authorisation of the financial statements, the following releVant new and revised Australian Accounting Standards, Interpretations and amendments have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*, AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* and AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2025 (Editorial corrections in AASB 2017-5 applied from 1 January 2018)
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*	1 January 2023
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 January 2022
AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023
AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information*	1 January 2023

Management and the Directors have reviewed the above and consider that none of them are likely to have a material impact on the Group when initially adopted in future accounting periods once they become effective.

2. Critical Accounting Judgements and Key Sources Of Estimation Uncertainty

The Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be releVant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key judgements, estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful life of customer relationships

The useful life of customer relationships acquired in business combinations are assessed at the time of acquisition. This requires estimation and judgement. Amortisation of customer relationships is based on the useful life assigned at that time to that contract. Customer relationships are amortised based on a straight line basis of the estimated useful life as assigned on acquisition. These relationships are reviewed regularly to ensure that the useful life remains appropriate.

In the event of an impairment, the change in carrying value will be recognised immediately through profit or loss for the period.

Notes to the Consolidated Financial Statements (continued)

2. Critical Accounting Judgements and Key Sources Of Estimation Uncertainty (continued)

Impairment testing

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates such as growth rates, discount rates and EBITDA margins. The results of impairment tests are disclosed in Note 11.

Useful life of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. Where this is a significant change in the recoverable value of the property, plant and equipment due to a change in judgment of its useful life, the recoverable value will be adjusted to reflect this change and the depreciation charge recognised adjusted as required.

Calculation of loss allowance

As disclosed in the accounting policies, an estimate of ECL is made. Bad debts are written off when identified. The allowance for ECL assessment requires significant estimation. The Directors and management utilise the most recent information available to them such as the aging of the receivable, historical experience, historical collection rates and specific knowledge of the individual debtor situations to make their estimation of the recovery of the trade receivables. When the assessment is made that there is an expected credit loss to be incurred, an allowance will be raised against the trade receivables to account for this expected loss. Where the estimation is different to actual results, carrying amounts are adjusted in the next financial period.

Right of use asset and lease liabilities

The Group has exercised its judgement in its assessment. This judgement is in reference to management's view that it is reasonably certain that it will extend their leases at two of their office premises for a further 5 years from the original lease term. This judgement results in a higher initial recognition of a lease liability and a corresponding right of use asset.

Income tax

As disclosed in Note 1.11, the Company and its Australian subsidiaries form a tax consolidation group which is subject to income tax in Australia. Significant judgement and estimation is required in determining the provisions for income tax. In some instances, the financial statements of the Group are finalised prior to the final lodgement of income tax returns of the consolidated tax group for that particular financial year or previous lodged tax returns may be amended from time to time. When the final tax position on lodgement of these returns differs from the financial statement position, or when an amended tax return is performed and lodged, an adjustment will be completed in the following's years financial report to reflect the impact of the tax position. This may result in differences to the amounts initially recorded, and such differences will impact the tax position of the Company and/or the Group.

Share based payments

The Group measures the cost of equity settle transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model. Judgement is required in estimating the anticipated timing of vesting on equity settled transactions. The valuation basis and related assumptions are detailed in Note 30. The accounting estimates and assumptions relating to equity settled transactions would not impact on the carrying value of assets and liabilities within the next annual report, but may impact expenses and equity.

Notes to the Consolidated Financial Statements (continued)

3. Segment Information

An operating segment is a component of a group that engages in business activities from which it may earn revenue and incur expenses and whose operating results are regularly reviewed by the Chief Operating Decision Maker (CEO) for the purposes of resource allocation and assessment of segment performance. Information regarding the Group's operating segments are presented below. The accounting policies of the operating segments are the same as the Group's accounting policies. Information reported to the CEO is focused on the category of services provided through the Groups operating activities. The group's operating segments based on service type are:

- Drilling Operations – which provides mineral drilling services to the mining industry; and
- Engineering operations – which sells rigs and parts to external customers, and also conducts the internal rig construction of the group.

Drilling operations is made up of four aggregated business units/operating segments (Strike Drilling, Ranger Drilling, DDH1 Drilling and Swick drilling operations) which all provide mineral exploration drilling services with similar production processes and methods (surface and underground drilling), additionally there is significant commonality in relation to drilling techniques applied, customer base/type, and commodity exposure. The Group's fleet is mobile, which enables the Group to tender and secure contracts for our customers either domestically or internationally. The 4 business units display similar long term economic characteristics in regards to return on investor capital ("ROIC"). ROIC is the main reporting metric considered by the Chief Operating Decision Maker when making investment/capital allocation decisions across the four operating segments, with the expectation that all operations will achieve similar long term ROIC.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

2022	**Drilling Operations $000s**	**Engineering Operations $000s**	**Eliminations $000s**	**Consolidated $000s**
Revenue				
External Sales	413,954	1,422	-	415,377
Inter Segment Sales	-	-	-	-
Total Revenue	413,954	1,422	-	415,377
Result				
EBITDA	99,967	(32)	-	99,935
Corporate Administration costs				(5,333)
Business combination expenses				(3,820)
Depreciation				(29,956)
Amortisation				(5,808)
Finance Income				7
Finance Costs				(1,651)
Income Tax expense				(17,515)
Profit for the year before tax				**35,859**

Notes to the Consolidated Financial Statements (continued)

3. Segment information (continued)

Total assets	473,855	339	(193)	474,002
Total liabilities	(132,016)	(167)	193	(131,990)
Total net assets	**341,839**	**172**	**-**	**342,012**

EBITDA earned by the respective segments is without allocation of depreciation, amortisation, finance income, other income, corporate administration costs, finance costs and income tax expense. This measure, along with ROIC, is reported to the CODM for the purposes of resource allocation and assessment of segment performance. The main items in eliminations is inter-segment loans and charges.

Geographical information

The Group is based in one principal geographical area – Australia (country of domicile). However, drilling operations are provided around the world mainly in Australia, North America and Europe.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed in the following table:

	Revenue from external customers		**Non-current assets**	
	2022 $000's	**2021 $000's**	**2022 $000's**	**2021 $000's**
Australia	395,384	294,606	282,208	179,437
North America	14,800	-	13,957	-
Europe	5,193	-	4,836	-
Total	**415,377**	**294,606**	**301,001**	**179,437**

Information about major customers

Included in external sales of $415,377k (2021: $294,606k) are revenues of $66,895k (2021: $31,214k) which arose from sales to the Group's one (2021: one) largest customer. No other single customer contributed 10% or more to the Group's revenue for 2022. This customer operates within the Drilling Operations segment within Australia and North America.

Notes to the Consolidated Financial Statements (continued)

4. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	Note	30 June 2022 $000s	30 June 2021 $000s
Revenue			
Revenue from the rendering of drilling services over time		413,954	294,606
Revenue from engineering sales		1,423	-
Total revenue from continuing operations		**415,377**	**294,606**
Other income			
Diesel fuel rebate		1,179	1,635
Training booster incentive		6,689	1,987
Other income		559	584
		8,427	**4,206**
Other gains and losses			
Net foreign exchange gains / (losses)		(649)	(1)
Net fair value gains / (losses) on financial assets		(1,850)	(162)
Gain / (loss) on disposal of property, plant and equipment		199	24
Other gains and losses from continuing operations		**(2,300)**	**(139)**

Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from its contracts with customers by commodity and drilling type. This appropriately depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. All revenue is generated by services transferred over time.

	Note	30 June 2022 $000s	30 June 2021 $000s
Commodity			
Gold		164,793	139,667
Gold / Copper		36,337	41,455
Copper		61,367	25,868
Nickel		81,789	19,509
Iron Ore		47,036	53,848
Other		22,632	14,259
		413,954	**294,606**
Drilling type			
Surface drilling		319,884	274,503
Underground drilling		89,285	10,353
Other		4,785	9,750
		413,954	**294,606**

Notes to the Consolidated Financial Statements (continued)

5. Expenses

Profit before income tax includes the following specific expenses:

	Note	30 June 2022 $000s	30 June 2021 $000s
Finance costs consists of:			
Interest on term loan facility		(302)	(1,755)
Interest expense on lease liabilities		(367)	(427)
Other finance costs		(982)	(344)
Total finance costs		**(1,651)**	**(2,526)**
Administrative expenses consists of:			
Advertising expenses		(378)	(450)
Insurance expenses		(4,755)	(3,123)
Legal and consultant fees		(1,503)	(699)
Other Administrative expenses		(736)	-
Rent		(650)	(629)
Total Administrative expenses		(8,022)	(4,901)
Depreciation expense consists of:			
Depreciation on property plant and equipment	12	(28,819)	(20,685)
Depreciation on right of use asset	13	(1,137)	(843)
Total depreciation expense		**(29,956)**	**(21,528)**
Amortisation expense consists of:			
Amortisation of customer relationships	11	(5,586)	(2,148)
Amortisation of development assets	11	(222)	-
Amortisation of software development	11	-	(3)
Total amortisation expense		**(5,808)**	**(2,151)**
Employee and contract labour expense consists of:			
Director Fees		(566)	(190)
Salary and wages including bonuses as well as sick, annual and long service leave		(161,255)	(105,217)
Superannuation expense		(11,804)	(7,744)
Share based payment – M Class shares	23 / 30	-	(1,509)
Share-based payment – Long term incentive plan	23 / 30	(367)	(134)
Share-based payment – employee gift shares	21	-	(658)
Other	(a)	(17,190)	(16,639)
Total		**(191,182)**	**(132,091)**

(a) Other includes subcontractor, agency labour, recruitment, staff amenities, staff training, entertainment and other items.

Notes to the Consolidated Financial Statements (continued)

6. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year shown in the consolidated statement of financial position can be reconciled to the related items in the consolidated statement of financial position as follows.

	Note	30 June 2022 $000s	30 June 2021 $000s
6(a) Cash at bank and on hand			
Petty cash		1	1
Cash at bank		17,940	14,589
Net cash at bank		**17,941**	**14,590**

The carrying amount of these assets is approximately equal to their fair value. Cash at bank represents amounts held in the Group's trading accounts. Interest is payable on closing balances at 0.0% (FY21: 0.0%)

6(b) Reconciliation of profit for the year to net cash flows from operating activities

	Note	30 June 2022 $000s	30 June 2021 $000s
Profit for the period after income tax		**35,859**	**57,186**
Non-cash items in profit or loss:			
Shares received as compensation		(150)	(250)
Income tax expense/(benefit)		17,515	(17,780)
Depreciation of non-current assets		29,956	21,528
Amortisation of non-current assets		5,808	2,151
Net gains on disposal of plant and equipment		199	(24)
Share-based payment expense		367	2,301
Foreign currency (gain)/loss		649	-
IPO/acquisition costs		-	7,431
Impairment of trade receivables		736	-
Non-cash loss/ (gain) /on financial asset		1,850	(162)
Change in assets and liabilities:			
(Increase) / decrease in inventories		(29,751)	(2,477)
(Increase) / decrease in current receivables		(37,868)	(13,484)
(Increase) / decrease in other assets		(570)	(493)
Increase / (decrease) in trade and other payables		22,334	24,709
Increase / (decrease) in current taxes		423	(10,018)
Increase / (decrease) in deferred taxes		25,313	(25,386)
Increase / (decrease) in provisions		11,465	3,375
Net cash from operating activities		**84,136**	**48,607**

Notes to the Consolidated Financial Statements (continued)

6. Cash and Cash Equivalents (continued)

Non-cash transactions:

In the current and prior financial year, the Group entered into the following:

- The Group obtained new hire purchase arrangements for some non-current assets (accounted for as lease liabilities) and entered into new/extensions of office leases (accounted for as lease liabilities). The value is shown in the table below.
- The Group acquired Swick Mining Services Limited. Total consideration was settled via the issuance of shares of the Group. Refer to note 36 for details.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-Cash		
	Balance at 30 June 2021	**Financing cash flows**	**Additions from acquisition of subsidiary**	**Additions to lease liabilities**	**Balance at 30 June 2022**
Borrowings	-	-	30,000	**-**	**30,000**
Lease liabilities	9,641	(3,594)	10,510	2,740	19,297
	9,641	**(3,594)**	**40,510**	**2,740**	**49,297**

			Non-Cash		
	Balance at 30 June 2020	**Financing cash flows**	**Additions from acquisition of subsidiary**	**Additions to lease liabilities**	**Balance at 30 June 2021**
Borrowings	61,449	(61,449)	**-**	**-**	**-**
Lease liabilities	8,467	(2,742)	-	3,917	9,641
	69,916	**(64,191)**	**-**	**3,917**	**9,641**

Notes to the Consolidated Financial Statements (continued)

7. Trade and Other Receivables

	Note	30 June 2022 $000s	30 June 2021 $000s
Current			
Trade receivables		93,806	55,686
Loss allowance		(805)	-
		93,001	**55,686**
Other debtors		562	10
		93,563	**55,696**

Trade receivables are non-interest bearing and are normally settled on 30 to 60 day terms.

The Group always measure the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The assessed ECL is not material.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

At the date of signing, one debtor was considered uncollectable by the Group ($755k).

Credit risk and ageing of trade receivables

The class of assets described as "trade receivables" is considered the main source of credit risk related to the Group. The Group does not hold any collateral over these balances.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair values.

As at 30 June, the ageing analysis of trade receivables is as follows:

	30 June 2022 $000s	30 June 2021 $000s
Current	60,477	44,493
One to three months	31,181	11,193
Three to six months	1,343	-
	93,001	**55,686**

Notes to the Consolidated Financial Statements (continued)

8. Inventories

	Note	30 June 2022 $000s	30 June 2021 $000s
Current			
Consumable stores		55,849	26,098
		55,849	**26,098**

The Group maintains an inventory of drilling parts and spares for use in the rendering of drilling services. Inventory is measured at the lower of cost and net realisable value. An ongoing review is conducted in order to ascertain whether items are obsolete or damaged, and if so determined, the carrying amount of the item is written down to its net realisable value. There were no such write-downs for the year ended 30 June 2022 (30 June 2021: Nil).

The cost of inventories recognised as a consumable expense during the year in respect of continuing operations was $42,799k at 30 June 2022 (30 June 2021: $32,686k).

9. Other assets

Current		
Prepayments	1,785	1,215
Rental bond	6	6
	1,791	**1,221**

10. Financial assets

Financial assets fair valued through OCI		
Unit Trust investment	2,221	-
Financial assets fair valued through Profit or loss		
Equity investments	2,332	562
Provision for impairment	(1,920)	-
	412	562
	2,633	**562**

The Group holds investments in listed and non-listed companies. The investment in equity instruments is not held for trading. Instead, it is held for medium to long term strategic purposes.

The investments in equity instruments are measured at FVTPL.

The Group holds less than 1% of the ordinary shares of St George Mining Limited and Victory Mines Limited. All of these companies are involved in mineral exploration in Australia and are listed on the ASX. The directors of the Group do not consider that the Group is able to exercise significant influence over any of these entities due to the minor nature of the Group's shareholding.

The Group holds ordinary shares and performance rights in Serena Minerals Limited ("Serena"), a company involved in mineral exploration in Australia. The ordinary shares are less than 1% of the ordinary shares of Serena, and the performance rights do not give rise to a significant stake in Serena. Serena is a non-listed and private entity. The Directors of the Group do not consider that the Group is able to exercise significant influence over Serena due to the minor nature of its shareholding. Refer to note 26(a) for basis of valuation.

Notes to the Consolidated Financial Statements (continued)

10. Financial assets (continued)

The Group holds 8 million shares in Wiluna Mining Corporation ("WMC") which, as at 30 June 2022, was valued at $0.24 per share. Subsequent to year end WMC entered into voluntary administration. Given the significant uncertainty surrounding the administration process of Wiluna the Group has impaired the full value of these shares.

The Group has an investment in an unlisted unit trust for a building utilised by the Group, that is not traded in an active market but is classified as a Fair Value Through Other Comprehensive Income.

Notes to the Consolidated Financial Statements (continued)

11. Intangibles

	Note	30 June 2022 $000s	30 June 2021 $000s
Customer relationships			
Opening balance		5,123	7,271
Acquired as part of business combination	36	25,740	-
Amortisation expense		(5,585)	(2,148)
		25,278	**5,123**
Goodwill			
Opening balance		25,381	25,381
Acquired as part of business combination	36	4,475	-
		29,856	**25,381**
Software development			
Opening balance		314	246
Additions		-	71
Amortisation expense		-	(3)
Transfer to property plant and equipment		(314)	-
		-	**314**
Development assets			
Opening balance		-	-
Acquired as part of business combination	36	5,886	-
Additions		587	-
Amortisation expense		(222)	-
		6,251	**-**
Total intangibles		**61,385**	**30,818**

In the 2018 financial year, customer relationships were initially recognised from the acquisition of Strike Drilling Pty Ltd ("Strike"). These are amortised on a straight-line basis over six years and resulted in amortisation of $918k (2021: $918k) this financial year. Additionally, in the 2019 financial year customer relationships were recognised as a result of the acquisition of Ranger Exploration Drilling Pty Ltd and Izett Holdings Pty Ltd (both referred to as "Ranger"). These customer relationships are amortised on a straight-line basis over a period of each contract. The contracts ranged from 1 – 4.5 years at the acquisition date. This has resulted in amortisation of $1,220k (2021: $1,230k) this reporting period. In the current financial year customer relationships were initially recognised from the acquisition of Swick Mining Services Limited ("Swick"). Customer contracts and relationships are being amortised in line with the valuation assessment (2-5 years), resulting in amortisation of $3,447k (2021: Nil) this financial year. The total amortisation expense this year was $5,585k (2021: $2,148k).

Notes to the Consolidated Financial Statements (continued)

11. Intangibles (continued)

The goodwill recognised is in relation to the acquisition of Ranger and Strike in prior reporting periods. The acquisition of Swick has resulted in goodwill recognised in the current year (refer to note 36 for details). There is no other goodwill in the Group allocated to any other CGUs. Goodwill is derived of the below values

	Note	30 June 2022 $000s	30 June 2021 $000s
Goodwill			
Strike		21,623	21,623
Ranger		3,758	3,758
Swick	36	4,475	-
		29,856	**25,381**

For impairment testing purposes, intangible assets are allocated to the cash-generating unit ("CGU") for which they were originally identified on acquisition.

Strike, Ranger, DDH1 Drilling and Swick Cash Generating Units ("CGUs")

The Group performed the annual impairment test of the Strike and Ranger goodwill in June 2022. In addition the Group has identified an impairment indicator as a result of the market capitalisation of the Company exceeding the net assets of the Group as at 30 June 2022. As a result the Group assessed the recoverable amounts of the Strike, Ranger, DDH1 Drilling and Swick CGUs.

In considering the carrying value of the CGUs, the Directors have adopted a value in use methodology to determine the recoverable amounts of the respective CGUs. No impairment charge is necessary for any of the CGUs.

The recoverable amount of each CGU has been determined based on a value in use calculation that uses the cash flow budget over a one year period, followed by an extrapolation of expected cash flows for the CGU over a four year period using the growth rates determined by management and the assumptions outlined below. The present value of the expected cash flows and a terminal value for the CGU is determined by applying a suitable discount rate.

Notes to the Consolidated Financial Statements (continued)

11. Intangibles (continued)

Key assumptions used in the value in use calculation and sensitivity to changes in assumptions

The calculation of the value in use for the DDH1 Drilling, Swick, Strike and Ranger CGUs is most sensitive to the following assumptions:

- **Revenue Growth Rate**
  The growth rate has been set at the budget level for the 2023 financial year. For the following years, management have used industry specific nominal growth rate of 3.9% for the DDH1, Swick, Strike and Ranger CGU's. Setting the growth rate from the 2024 financial year onwards at nil does not result in an impairment.

- **Discount Rate**
  The discount rate represents the current market risks, taking into consideration the time value of money and specific risks not incorporated in the cash flow forecasts. The discount rate is assessed by taking into account the expected return on investment by investors, the cost of debt servicing, plus beta factors for industry risks. Management and the Directors have adopted a post tax discount rate of 12.10% (2021: 9.40%) for the DDH1 Drilling, Strike and Ranger CGUs. A discount rate of 13% (2021: N/A) has been applied for the Swick CGU. The post tax discount rate has been adjusted to reflect the higher current and forecast interest rates along with macro economic considerations. An increase of 1% on the discount rate would have the impact of reducing headroom by approximately $25.3m in DDH1 Drilling, $9.7m in Strike, $10.3m in Ranger and $16.5m for Swick, which would not cause impairment to the CGUs. A reasonable possible change in the discount rate is not likely to cause a material impairment.

- **EBITDA Margin**
  The EBITDA margin for DDH1 Drilling, Strike and Ranger have been assigned at their budget levels for the 2023 financial year which is comparable with levels achieved in FY22, and it has been assumed that these margins will remain constant for the remaining years of the cash flow model. While this is managements' conservative view of the EBITDA profile, a reasonable possible change in margin is not likely to cause a material impairment. For the Swick CGU EBITDA margin has been assigned at their budget levels for the 2023 financial year which is comparable with levels achieved in FY22 plus the realisation of cost efficiencies related to the being a subsidiary of the Group. While this is managements' conservative view of the EBITDA profile, a reasonable possible change in margin is not likely to cause a material impairment.

Notes to the Consolidated Financial Statements (continued)

12. Property, Plant and Equipment

	Plant and Equipment $000s	Motor Vehicles $000s	Drill Rigs $000s	Capital WIP $000s	Total $000s
At 1 July 2021					
Cost or fair value	30,277	67,083	183,589	8,470	289,419
Accumulated depreciation	(19,419)	(43,110)	(97,475)	-	(160,004)
Net book amount	**10,858**	**23,973**	**86,114**	**8,470**	**129,415**
Year ended 30 June 2022					
Opening net book amount	10,858	23,973	86,114	8,470	129,415
Additions	5,980	12,146	24,235	19,329	61,690
Acquired as part of business combination (refer note 36)	3,021	6,445	41,423	6,853	57,742
Transfer from Inventory	-	-	-	3,604	3,604
Transfer between class	1,827	18	12,026	(13,508)	363
Disposals	(99)	(402)	(404)	0	(905)
Depreciation	(5,433)	(6,732)	(16,654)	0	(28,819)
FX movement	6	(1)	200	(5)	200
	16,160	**35,447**	**146,940**	**24,743**	**223,290**
At 30 June 2022					
Cost or fair value	67,853	89,218	335,580	24,743	517,394
Accumulated depreciation	(51,693)	(53,771)	(188,640)	0	(294,104)
Net book amount	**16,160**	**35,447**	**146,940**	**24,743**	**223,290**

	Plant and Equipment $000s	Motor Vehicles $000s	Drill Rigs $000s	Capital WIP $000s	Total $000s
At 1 July 2020					
Cost or fair value	25,205	64,346	154,580	2,409	246,540
Accumulated depreciation	(16,420)	(37,465)	(85,435)	-	(139,320)
Net book amount	**8,785**	**26,881**	**69,145**	**2,409**	**107,220**
Year ended 30 June 2021					
Opening net book amount	8,785	26,881	69,145	2,409	107,220
Additions	4,927	2,424	26,469	10,053	43,873
Transfer between class	338	917	2,737	(3,992)	-
Disposals	(192)	(604)	(197)	-	(993)
Depreciation	(3,000)	(5,645)	(12,040)	-	(20,685)
	10,858	**23,973**	**86,114**	**8,470**	**129,415**
At 30 June 2021					
Cost or fair value	30,277	67,083	183,589	8,470	289,419
Accumulated depreciation	(19,419)	(43,110)	(97,475)	-	(160,004)
Net book amount	**10,858**	**23,973**	**86,114**	**8,470**	**129,415**

Notes to the Consolidated Financial Statements (continued)

12. Property, Plant and Equipment (continued)

Property, plant and equipment comprise mainly of drilling rigs and associated vehicles and equipment. Directors and management continually monitor both domestic and overseas markets on new and used drill rig pricing and availability, and as a result, are of the opinion that the net written down book value of the Group's property, plant, and equipment is less than its recoverable amount.

Included in "Capital WIP" are deposits paid for drill rigs and other supporting equipment. Once fully acquired, the amount will be transferred appropriately to its class and depreciation will commence.

13. Right Of Use Assets

	Note	30 June 2022 $000s	30 June 2021 $000s
Opening balance		4,228	5,072
Acquired as part of business combination		7,398	-
Additions		3,204	-
Depreciation expense		(1,137)	(844)
Closing balance		**13,693**	**4,228**

The Group has five leases in place for office leases and storage yards. The lease term ranges on these leases between 2-5 years.

Additionally, the Group has options to extend the lease term on some of its premises. It has exercised its judgement and determined where it is reasonably certain that they will extend the leases in some locations these extensions have been included in the lease term.

The Group does not have an option to purchase any of the properties at the end of the lease term.

In addition to the right of use assets, the Group has a number of short-term leases. The amount expensed on short term leases or low value assets during the financial year amounted to $644k (2021: $2,667k).

Interest expense recognised within finance costs on the above right of use assets totalled $367k (2021: $281k) for the financial year.

Notes to the Consolidated Financial Statements (continued)

14. Trade and Other Payables

	Note	30 June 2022 $000s	30 June 2021 $000s
Current			
Trade creditors		35,504	18,744
Sundry creditors		1,696	691
Superannuation payable		1,056	699
Goods and services tax payable		3,492	2,660
Payroll tax payable		521	394
Accrued charges		6,279	5,315
Customer deposits		704	-
Other payables		1,839	254
		51,091	**28,757**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has a financial risk management process to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates their fair value.

Notes to the Consolidated Financial Statements (continued)

15. Lease Liabilities

		Note	30 June 2022 $000s	30 June 2021 $000s
Leases on right of use assets	(i)		14,756	4,653
Hire purchase liabilities	(ii)		4,540	4,988
Closing balance			**19,296**	**9,641**
Split as follows:				
Current			4,321	3,217
Non-current			14,975	6,424
Closing balance			**19,296**	**9,641**

(i) These liabilities relate to the right of use assets as disclosed in Note 13 to the financials.

(ii) The hire purchase liabilities are secured by a registered charge over the asset. Each has a term of 3 years, with 36 monthly payments and no balloon payment. The applicable interest rate of the hire purchase liabilities is fixed and ranges between 1.90% - 4.23% (2021: 2.60% - 4.23%).

The Group does not face a significant liquidity risk with regard to its lease liabilities, and the fair value of the lease liabilities is approximately equal to the carrying amount.

Maturity Analysis:

	Note	30 June 2022 $000s	30 June 2021 $000s
Lease liability commitments			
Amounts payable under lease liabilities:			
Within one year		4,423	3,562
In the second to fifth years, inclusive		12,322	4,755
After five years		2,704	2,435
		19,449	**10,752**
Less: future finance charges		(153)	(1,111)
Present value of lease obligations		**19,296**	**9,641**

<u>Lease liabilities</u>

The Group has entered into a number of equipment lease liability arrangements with a range of lenders. Under the terms of these facilities, security is limited to the assets to which the facility relates. The Directors are of the opinion that the fair value of the assets pledged as security exceeds the carrying value of the lease liabilities to which they are related.

Notes to the Consolidated Financial Statements (continued)

16. Borrowings

	Note	30 June 2022 $000s	30 June 2021 $000s
Secured borrowings at amortised cost			
- Term loan facility		30,000	-
Total borrowings		**30,000**	**-**
Amount due for settlement within 12 months			
- Term loan facility		-	-
		-	**-**
Amount due for settlement after 12 months		30,000	-
		30,000	**-**

The Group has a five year multi-option facility for a maximum of $85 million. This facility at 30 June 2022 has $1.2m assigned to a bank guarantee facility, and the remaining $83.8 million assigned to the term loan facility and overdraft facility. At 30 June 2022, the Group has drawn down $30m of the facility as a Term loan that expires in line with the facility (14 February 2027), the remaining facility is available as an overdraft through to the maturity date of the overall facility (14 February 2027). In addition, the Group has a $10 million asset finance facility in place. This facility has a term of 5 years and expires on 14 February 2027.

The interest rate associated with the $30m Term Loan is calculated as 1.8% plus the BBSY rate set by reference to ASX Benchmarks Pty Ltd. The interest rate associated with the overdraft facility is calculated as the Bank West market reference rate less 1.4% margin.

The facility is secured by a general security agreement granted by each Australian subsidiary of the Company as listed in note 31 excluding Swick Australian entities.

Available borrowing facilities

	Note	30 June 2022 $000s	30 June 2021 $000s
Available facilities		95,000	60,000
Borrowings used at balance date		(30,000)	-
Asset finance used at balance date		(2,123)	(4,988)
Bank guarantees used at balance date	35	(1,203)	(629)
Unused at balance date		**61,674**	**54,383**

Banking covenants

The Company complied with and continues to comply with all banking covenants specified in its agreements with its financier.

Fair values

The Directors consider that the carrying value of borrowings approximates their fair values.

Notes to the Consolidated Financial Statements (continued)

17. Provisions

	Note	30 June 2022 $000s	30 June 2021 $000s
Provision for short-term incentive bonus		3,085	2,602
Provision for annual leave		15,090	4,448
Provision for long service leave		2,527	2,187
Total provisions		**20,702**	**9,237**
Analysis of total provisions:			
Current		20,076	8,433
Non-current		626	804
Total provisions		**20,702**	**9,237**

The Group recognises employee entitlements as current where an unconditional entitlement exists. This includes accrued annual leave and long service leave where employees have completed the required period of service or are otherwise entitled to pro-rata payments in certain circumstances. Based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

18. Income Tax Expense

Income tax expense recognised in profit

	Note	30 June 2022 $000s	30 June 2021 $000s
Income tax expense comprises:			
Current tax	(a&b)	9	6,987
Deferred tax	(a)	17,506	(24,767)
		17,515	**(17,780)**

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Note	30 June 2022 $000s	30 June 2021 $000s
Profit before tax from continuing operations		53,374	39,406
Prima facie tax expense on profit from ordinary activities before income tax at 30%		16,012	11,822
- Non-deductible expenses		94	75
- Prior year over/under		36	1
- Share based payment		1,150	669
- Adjustment for consumables and WIP	(b)	-	(8,481)
- Adjustment for step up value on listed shares	(b)	-	(712)
- Adjustment for step up value on property, plant & equipment	(b)	-	(21,029)
- Other		368	(125)
- Effect of foreign tax rate		(145)	-
		17,515	**(17,780)**

Notes to the Consolidated Financial Statements (continued)

18. Income tax expense (continued)

(a) During the year ended 30 June 2022 the Group recognised upfront tax deductions associated with the purchase of certain property, plant and equipment. These upfront tax deductions have resulted in the Group making a taxable loss during the current year, which has resulted in an increased deferred tax asset associated with tax losses and a deferred tax liability associated with property, plant and equipment. These temporary differences are expected to reverse in subsequent periods.

(b) As disclosed in Note 1.2 to the financials, DDH1 Limited acquired the previous DDH1 Holdings Pty Ltd group of entities during the year ended 30 June 2021. As required by law, we reset the tax bases of assets held by the former DDH1 Holdings Pty Ltd tax consolidated group at this point in time. As a result, a tax base reset occurred, which gave rise to a significant step up in tax values on all assets of the former DDH1 Holdings Pty Ltd tax consolidated group, including the property, plant and equipment of the Group. Accordingly, additional tax deductions arose for during the prior period following the acquisition of DDH1 Holdings Pty Ltd, which resulted in a tax loss for the period 5 March to 30 June 2021. The potential tax benefit of this tax loss was booked as a Deferred Tax Asset at 30 June 2021.

(c) For the period from 1 July 2020 to 4 March 2021, the former DDH1 Holdings Pty Ltd tax consolidated group was a separate taxpayer from the DDH1 Limited tax consolidated group. Its tax liability for that period was $6,987,394. The tax loss generated by the DDH1 Limited tax consolidated group for the year ended 30 June 2021 could not be used to reduce the tax liability of the former DDH1 Holdings Pty Ltd tax consolidated group for the period prior to acquisition. Accordingly, this tax loss was carried forward as a Deferred Tax Asset in the manner described above and the current tax expense for the prior period was reflective of tax on taxable income for the former DDH1 Holdings Pty Ltd tax consolidated group.

19. Deferred Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	Note	30 June 2022 $000s	30 June 2021 $000s
The balance comprises temporary differences attributable to:			
Property, plant and equipment		2,224	10,912
Employee benefit provisions		5,279	2,716
Borrowing costs		121	282
Business-related expenses		2,152	2,771
Right of use liabilities		3,768	1,396
Tax losses (a)		18,467	5,965
Other		2,706	1,190
Deferred tax assets		**34,717**	**25,232**
Intangibles		(7,373)	(1,537)
Inventories		(15,605)	(7,830)
Property, plant and equipment		(17,358)	-
Right of use assets		(3,480)	(1,269)
Other		(1,801)	(183)
Deferred tax liabilities		**(45,617)**	**(10,819)**
Net deferred tax asset / (liabilities)		**(10,900)**	**14,413**

Notes to the Consolidated Financial Statements (continued)

19. Deferred tax (continued)

(a) Prior to acquisition, the former Swick Mining Services Limited tax consolidated group was a separate taxpayer from the DDH1 Limited tax consolidated group. Tax losses of $13,198k were generated by the Swick Mining Services Limited tax consolidated group prior to acquisition. These losses have been assessed from an availability perspective by the Group and have been transferred to the DDH1 Limited tax consolidated group on acquisition. Accordingly, a deferred tax asset of $3,959k associated with these losses has been recognised on the acquisition of Swick and forms part of the net deferred tax liability of $7,835k recognised on acquisition of Swick refer note 36 for further information.

	30 June 2022 $000s	30 June 2021 $000s
Movements in the period:		
Opening balance at 1 July	14,413	(10,973)
Initial acquisition adjustments (refer note 36)	(7,835)	
Deferred tax on share issue costs	-	619
Credit / (Debit) to the income statement	(17,506)	24,767
Adjustment for tax rate movement	8	-
Other	55	-
Prior year adjustment	(35)	-
Closing balance at 30 June	**(10,900)**	**14,413**

Unrecognised deferred tax balances		
Tax losses (revenue in nature) (a)	4,966	-
Tax losses (capital in nature)	-	-
Deductable temporary differences	-	-
Taxable temporary differences	(389)	-

(a) Tax losses not recognised relate to foreign tax jurisdictions. As at balance date, the ability to claim these losses is provisional as they relate to periods prior to the Group's acquisition of Swick. The assessment of the availability of these tax losses has not been confirmed at balance date.

20. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

	30 June 2022	30 June 2021
Earnings for basic earnings per share being net profit attributable to owners of the Company	36,677	57,186
Earnings for the purposes of dilutive earnings per share	**36,677**	**57,186**
Number of shares		
The weighted average number of ordinary shares for basic earnings per share	**375,556**	**307,849**
Effect of dilutive potential ordinary shares:		
Performance rights	1,653	380
Share options (M Class and N Shares)	-	9,344
The weighted average number of ordinary shares for diluted earnings per share	**377,209**	**317,573**

Notes to the Consolidated Financial Statements (continued)

20. Earnings Per Share (continued)

The denominators used are the same as those detailed above for basic and diluted earnings per share from continuing and discontinued operations.

From continuing operations

Basic – cents per share	9.77	18.58
Diluted – cents per share	9.72	18.02

21. Issued capital

Movement in issued capital	**Note**	**Number of shares No.**	**Share capital $000s**
DDH1 Limited			
Ordinary Shares			
Opening Balance at 1 July 2021		342,804,678	375,025
Conversion of Treasury Shares		-	1,366
Issue of shares for acquisition of subsidiaries	**36**	83,954,498	88,152
Closing Balance at 30 June 2022		**426,759,176**	**464,543**
Less Treasury Shares			
Opening Balance at 1 July 2021		13,349,630	**-**
Conversion to Ordinary Shares		(1,873,502)	-
Closing Balance at 30 June 2022		**11,476,128**	**-**
Balance at 30 June 2022		**415,283,048**	**464,543**

During the period, there has been movement between treasury shares and ordinary shares as a result of the exercise of share-based payments. 1,873,502 treasury shares were converted into ordinary shares via the receipt of $868k for the repayment of attached loans. This also incorporates a transfer of share-based payment reserve to issued capital of $498k relative to the treatment of treasury shares on IPO of the group as detailed in note 23 (m class shares). Refer to note 36 for issue of shares related to acquisition of subsidiaries during the year.

Ordinary Shares

Ordinary shares participate in voting, carry a right to a dividend and the proceeds on winding up of the Group in proportion to the number of shares held.

Treasury Shares

Treasury shares participate in dividends and the proceeds on winding up of the Group in proportion to the total number of shares held.

There are no externally imposed capital requirements. At any meeting of shareholders, each treasury share is entitled to one vote.

Notes to the Consolidated Financial Statements (continued)

22. Group Reorganisation Reserve

	Note	30 June 2022 $000s	30 June 2021 $000s
DDH1 Limited			
Balance at 1 July		266,574	**-**
Group restructure		-	266,574
Balance at 30 June		**266,574**	**266,574**

In the comparative period, the Company successfully listed on the ASX. As part of this process, a corporate restructure occurred, whereby DDH1 Limited, via its wholly owned subsidiary, acquired 100% of DDH1 Holdings Pty Ltd. As a result of this transaction, the group reorganisation reserve was created. The balance recognised at previous year end represents the excess of the fair value of the shares issued by DDH1 Limited over the carrying value of the net assets of DDH1 Holdings Pty Ltd as at the date of the listing, which resulted in an uplift of $266,574k.

23. Other Reserves

a) Share-based payment reserve

	Note	30 June 2022 $000s	30 June 2021 $000s
Balance at 1 July		**3,837**	**2,194**
Share based payment expense for M Class shares		-	1,509
Share based payment expense for LTIP		367	134
Transfer to share capital		(498)	-
Balance at 30 June		**3,706**	**3,837**

Management Equity Plan

M Class shares were all settled on IPO. No new M Class shares were issued during the current year.

Long Term Incentive Plan ('LTIP')

During the year, the Group issued performance rights under the LTIP to certain senior employees of the Group. As a result of the issue of these performance rights, a share-based payment expense of $144k (2021: $134k) has been recognised. The remaining share-based payment expense recognised for the period was for performance rights issued prior to 30 June 2021.

b) Foreign currency translation reserve

	Note	30 June 2022 $000s	30 June 2021 $000s
Balance at 1 July		**-**	**-**
Other comprehensive income/(loss)		818	-
Balance at 30 June		**818**	**-**

Notes to the Consolidated Financial Statements (continued)

24. Retained earnings

	Note	30 June 2022 $000s	30 June 2021 $000s
Balance at 1 July		**121,399**	**64,213**
Dividends paid	25	(17,739)	-
Net profit for the year		35,859	57,186
Balance at 30 June		**139,519**	**121,399**

25. Dividends

Amounts recognised as distributions to equity holders in the year:	(a)	(17,739)	-

Franked dividends

Franking credits available for subsequent reporting periods based on a tax rate of 30.0%	32,457	38,540

During the year, the Group paid two fully franked dividends of 2.18 cents per share totalling $7,259,156 and 2.51cents per share totalling $10,480,125 (2021: nil). On 29 August 2022, the directors declared a fully franked dividend of 2.65 cents per share to the holders of fully paid ordinary shares in respect of the six months ended 30 June 2022, to be paid to shareholders in October 2022. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $11,249,036.

Notes to the Consolidated Financial Statements (continued)

26. Financial Instruments

(a) Classes and categories of financial instruments and their fair values

The following table discloses information about:

- Classes of financial instruments, including their nature and characteristics;
- The carrying amounts of financial instruments; and
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value).

Fair value hierarchy Levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Financial assets			Financial liabilities		
	FVTPL	FVTOCI	Amortised cost	FVTPL	Amortised cost	Total
2022	$000s	$000s	$000s	$000s	$000s	$000s
Cash and bank balances	-	-	17,941	-	-	17,941
Trade and other receivables	-	-	93,563	-	-	93,563
Other financial assets	412	2,221	-	-	-	2,633
Borrowings	-	-	-	-	30,000	30,000
Trade and other payables	-	-	-	-	51,091	51,091
Lease liabilities	-	-	-	-	19,296	19,296

	Financial assets			Financial liabilities		
	FVTPL	FVTOCI	Amortised cost	FVTPL	Amortised cost	Total
2021	$000s	$000s	$000s	$000s	$000s	$000s
Cash and bank balances	-	-	14,591	-	-	14,591
Trade and other receivables	-	-	55,696	-	-	55,696
Other financial assets	562	-	-	-	-	562
Borrowings	-	-	-	-	-	-
Trade and other payables	-	-	-	-	28,777	28,777
Lease liabilities	-	-	-	-	9,642	9,642

Notes to the Consolidated Financial Statements (continued)

26. Financial Instruments (continued)

(a) Classes and categories of financial instruments and their fair values (continued)

The Directors are of the opinion that the fair value for all categories of financial assets and financial liabilities approximates the carrying value.

Financial assets carried at fair value through the profit and loss related to listed and non-listed investments are reviewed annually with regard to observable data based on the quoted prices of the instruments held. These are typically measured at Level 1 fair value hierarchy and there are no transfers between levels during the period. At 30 June 2022, listed investments with a carrying value of $258k (2021: $408k) have been measured at Level 1. For financial assets that are non-listed investments, there are measured accordingly to inputs other than quoted prices within Level 1 that are observable for the assets indirectly. The methodology employed in this valuation related to prices the instrument has traded for in a private sale. These are measured at Level 3. At 30 June 2022, financial assets (including the Investment unit trust) with a carrying value of $154k (2021: $154k) have been measured at Level 3.

There were no other financial assets or financial liabilities held at FVTPL during the period that were valued according to a Level 3 hierarchy assessment, or in the opinion of the Directors, held at a fair value that did not approximate its carrying value.

Financial assets carried at fair value through other comprehensive income relate to an investment in an unlisted unit trust that is not traded in an active market, and was acquired as part of the acquisition of subsidiary contained in Note 36. The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a qualitative sensitivity analysis as at 30 June 2022 and 2021 are as shown below:

	Fair value as at				
Financial Asset	**30 June 2022 $000s**	**30 June 2021 $000s**	**Valuation Technique**	**Significant unobservable input(s)**	**Sensitivity of the input to fair value**
Investment in unlisted property trust(i)(ii)	2,221	-	Capitalisation method per external valuation	Sales of sites within similar areas taking into account the location, size and condition of improvements to determine a rate per square metre of $614 (2021: $N/A)	A $25 per square metre increase in price would increase the value by $123k (2021: N/A), and vice versa.

(i)Investment income of $63k (2021:N/A) received during the financial year from the investment in the unlisted property trust has been included in other income.

(ii)A gain after tax of $nil (2021:N/A) resulting from the valuation of the unit trust is recognised in other comprehensive income and accumulated in the fair value reserve (Nil at June 2022).

(b) Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic financial markets and monitors and manages the financial risks relating to the operations of the Group through internal risk reports, which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Management reviews compliance with policies and exposure limits continuously. The Group does not enter into or trade financial instruments for speculative purposes.

Notes to the Consolidated Financial Statements (continued)

26. Financial Instruments (continued)

(c) Market risk

The Group's activities expose it to the financial risks of changes in interest rates, and there has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Interest rate risk management

The Group is exposed to interest rate risk because the Group had a term loan facility at floating interest rates at 30 June 2022, and the cash and cash equivalents have variable interest rates. All asset finance lease liabilities are fixed. A one percentage point increase/decrease in interest rates would result in a net profit after tax decrease/increase of approximately ($123k) (2021: $146k).

Lease liabilities are fixed, and therefore there is no associated market risk with these instruments.

Other price risks

The Group is exposed to equity price risks arising from equity investments.

Equity investments in entities (see Note 10) are held for strategic rather than trading purposes. The Group does not actively trade these investments. A five percentage point increase/decrease in the underlying value of the equity instruments would result in a net profit after tax increase/decrease of approximately $21k (2021: $28k).

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. To minimise credit risk, the Group has adopted a practice of only dealing with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Group only transacts with entities that have a good trading and credit history or where there is sufficient other publicly available information to assess its creditworthiness. The Group uses additional publicly available financial information and its trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. The Group does not have significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. At the date of reporting, the Directors were of the opinion that the credit-related risk of loss was not material. Therefore no amount has been recorded for credit loss.

(i) Overview of the Group's exposure to credit risk

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings.

As at 30 June 2022, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective recognised trade and other receivables (Note 7) and cash and cash equivalents (Note 6) as stated in the consolidated statement of financial position.

(e) Liquidity risk management

Responsibility for liquidity risk management rests with the Management, which has established an appropriate risk management process to manage the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

Notes to the Consolidated Financial Statements (continued)

26. Financial instruments (continued)

The following table sets out the maturity analysis for financial liabilities based on contractual cash flows:

	Weighted average effective interest rate %	Due in less than one year $000s	Due within one to five years $000s	Total $000s
30 June 2022				
Trade and other payables	Nil	51,091	-	51,091
Borrowings	3.75%	-	30,000	30,000
Lease liabilities	2.69%	4,321	14,975	19,296
30 June 2021				
Trade and other payables	Nil	28,757	-	28,757
Lease liabilities	2.69%	3,217	6,424	9,641

The Group manages its capital to ensure that entities in the Group will continue as going concerns while maximising returns to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior reporting period.

The capital structure of the Group consists of net debt (borrowings as disclosed in Note 16 and lease liabilities in note 15 less the cash and bank balances in note 6) and equity of the Group (comprising issued capital, reserves and retained earnings).

	Note	30 June 2022 $000s	30 June 2021 $000s
Total borrowings	16	30,000	-
Lease liabilities	15	19,296	9,641
Less cash	6	(17,941)	(14,591)
Net debt / (cash)		**31,555**	**(4,950)**
Total equity		342,012	233,687
Total capital		**373,367**	**228,737**
Gross gearing ratio (gross debt/equity)		14.41%	4.1%
Net gearing ratio (net debt / total capital)		8.40%	2.2%

The Group is not subject to any externally imposed capital requirements.

Notes to the Consolidated Financial Statements (continued)

27. Related party transactions

(a) Related parties

The Group's main related parties are as follows:

(i) Entities within the Group

The 100% owned subsidiary companies in the Group are:

Entity Name	ACN
DDH1 Group Holdings Pty Ltd	636 839 613
DDH1 Holdings Pty Ltd	636 946 321
DDH1 Midco Pty Ltd	625 959 908
DDH1 Finco Pty Ltd	625 961 980
DDH1 Drilling Pty Ltd	154 493 008
Strike Drilling Pty Ltd	164 225 656
Ranger Exploration Drilling Pty Ltd	617 982 680
Izett Holdings Pty Ltd	120 340 678
Swick Mining Services Pty Ltd	112 917 905
SMS Operations Pty Ltd	008 736 543
SMS Asset Holdings Pty Ltd	107 371 540
Swick Engineering Pty Ltd	126 053 209
Swick Mining Services (Indonesia) Pty Ltd	163 995 677
Swick Mining Services (Canada) Inc	N/A
Swick Mining Services (USA) Inc	N/A
Swick Drilling Portugal Uniprossal Lda	N/A
Swick Drilling Europe Ltd	N/A

Refer to note 31 for further information on the above entities. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(ii) Key management personnel

Key Management Personnel ("**KMP**") are any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

Disclosures relating to KMPs are as set out in note 28 and 29 below.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. No transactions occurred during the current or prior reporting period with related parties other than the remuneration of their services as stated in note 29.

(c) Outstanding balances arising from sales / purchases of goods and services

No balances are outstanding with related parties.

(d) Loans to/from related parties

There are no loans to or from related parties.

(e) Terms and conditions of related party transactions

All transactions were conducted on commercial terms with no discounts or interest applicable to outstanding balances.

Notes to the Consolidated Financial Statements (continued)

28. Key Management Personnel

The Directors and other key management personnel of the Group during or since the end of the financial year were:

Diane Smith-Gander, AO	Chairperson and Independent Non-Executive Director
Alan Broome, AM	Independent Non-Executive Director
Andrea Sutton	Independent Non-Executive Director
Murray Pollock	Non-Executive Director
Byron Beath	Non-Executive Director
Sy Van Dyk	Managing Director and CEO
Ben MacKinnon	Chief Financial Officer/Company Secretary

29. Key Management Personnel Compensation

The compensation for the key management personnel of the Group is set out in aggregate below:

	Note	30 June 2022	30 June 2021
Short term employee benefits		1,559,300	1,445,486
Long-term benefits[2]		-	3,208
Non-monetary benefits[1]		2,560	4,000
Post-employment benefits		70,930	71,207
Share-based payments		156,744	703,985
Total		**1,789,534**	**2,227,886**

[1] – Non-monetary benefits includes phone and laptop.

[2] – Long-term benefits represents the accrual for long service leave.

30. Share-Based Payments

Long Term Incentive Plan ("LTIP")

LTIP was created to allow the Company to issue equity-based incentives to senior management to align their remuneration with the long-term interest of shareholders by rewarding those issued LTIP incentives for the delivery of sustained Group performance over the long term. The equity-based incentives currently under issue are Performance Rights. Details as to the performance criteria of the Performance Rights are below:

CRITERIA	KPI	WEIGHT	PERFORMANCE PERIOD
Value Creation (Group)	CAGR in TSR of 15% to 25% over the performance period (**TSR Hurdle**)	30%	To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained Group performance over the long term. It also rewards executives who have contributed to the Company's value creation and support the retention and attraction of executives.
Financial (Group)	CAGR in EPS of 7.5% to 20% over the performance period (**EPS Hurdle**)	70%	

During the reporting period, a total of 1,062,739 Performance Rights have been issued.

Notes to the Consolidated Financial Statements (continued)

30. Share-Based Payments (continued)

The Performance Rights are subject to a performance period that commences on 1 July 2021 and ends on 30 June 2024. The vesting date for all the performance rights detailed above is 31 August 2024. If conditions are met and the Performance Rights are issued, the expiration date is ten years after granting date, being 31 August 2034.

The fair value of the Performance Rights was determined using the Black Scholes Model for the EPS Hurdle and a Monte Carlo model used for the TSR Hurdle. The valuation was undertaken by a professional accounting firm, and the information contained below is from their report:

INPUT	CEO	EXECUTIVE
Grant date	18 November 2021	8 November 2021
Share Price	$1.19	$1.18
Exercise Price	Nil (as per plan rules)	Nil (as per plan rules)
Expected Volatility	35%-45%	35%-45%
Expected life (years)	2.8 years	2.8 years
Risk Free Rate	0.97%	0.85%
Expected Dividend Yield	4.0%	4.0%

VALUATION	CEO	EXECUTIVE
EPS Hurdle	$1.06	$1.05
TSR Hurdle	$0.40	$0.39

A total of $149,701 has been expensed in respect to the Performance Rights issued this financial year (2021: 133,947).

	2022		2021	
	Weighted-average exercise price	**Number of performance rights**	**Weighted-average exercise price**	**Number of performance rights**
As at 1 July	0.66	1,176,362		-
Granted during the year	0.85	1,062,739	0.66	1,176,362
Cancelled during the year	0.75	(531,441)		-
Outstanding at the end of the year		**1,707,660**		**1,762,362**
Exercisable at 30 June	0.75	-	0.66	-

The Performance Rights outstanding at 30 June 2022 had a weighted average exercise price of $0.75, and a weighted average remaining contractual life of 1.55 years.

Notes to the Consolidated Financial Statements (continued)

30. Share-Based Payments (continued)

Management Equity Plan

Prior to the Company's IPO and ASX listing, the Group had in place a Management Equity Plan. The securities issued under this plan included 'M' and 'N' class shares (**Plan Shares)**. The Plan Shares were non-voting shares but had similar rights to ordinary fully paid shares in that they were able to receive dividends and other distributions.

Plan Shares were convertible into ordinary fully paid shares upon the satisfaction of vesting conditions, which included either an IPO or a sale of the business. The Plan Shares expire ten years from the date of issue (Plan Shares were issued in FY18 and FY19).

The consideration for the M Class Plan Shares was funded through a non-recourse loan to participants, which is repayable on any sale of the shares. The consideration payable for the N Class Plan Shares was paid in cash.

Notes to the Consolidated Financial Statements (continued)

30. Share-based payments (continued)

As the M Class shares were a right to an ordinary share, they were treated as a share-based payment.

At the beginning of the comparative reporting period, there were 13,349,630 Plan Shares on issue.

On 9 March 2021, the Plan Shares vested and were converted into ordinary fully paid shares in DDH1 Limited as part of the corporate restructuring and are now subject to the terms of an Escrow Deed. The non-recourse loan continues to remain in place over these ordinary shares, which are held as Treasury Shares.

The Escrow Deed modifies the Plan Shares from the previous parent entity, DDH1 Holdings Pty Ltd, to the new publicly listed entity, DDH1 Limited. Under the terms of the Escrow Deed, the vested ordinary fully paid shares are required to be held in escrow for the following periods:

a) Half of the ordinary fully paid shares issued are to be held in escrow until the lodgement of the Company's 30 June 2022 financial report; and
b) The remaining ordinary fully paid shares are to be held in escrow until the lodgement of the Company's 30 June 2022 financial report.

Set out below are summaries of M Class shares granted under the plan:

	2022		**2021**	
	Weighted-average exercise price	**Number of share options**	**Weighted-average exercise price**	**Number of share options**
As at 1 July		-		13,349,630
Modified during the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year *	-	-	-	-
Converted during the year	-	-	-	(13,349,630)
Expired during the year	-	-	-	-
Outstanding at the end of the year		-		**-**
Exercisable at 30 June	Nil	-	-	-

* In the prior year, a member of the Management Equity Plan left the Group. Upon leaving the Group, the M Class shares were purchased back at nil value by DDH1 Holdings Pty Ltd.

During the prior year, all M Class shares were converted into Ordinary Shares of DDH1 Limited and are held as Treasury Shares at year end as they are in escrow.

The fair value of the M Class shares previously granted was determined using the Monte Carlo model for valuation purposes. The valuation was undertaken by a professional accounting firm, and the information contained below is from their report.

Notes to the Consolidated Financial Statements (continued)

30. Share-based payments (continued)

The inputs into the Monte Carlo model were as follows:

	31 May 2018	30 Nov 2018	17 Dec 2018	13 May 2019
Weighted average share price (cents) (i)	150	75	75	80
Weighted average exercise price (cents)	91	45	45	52
Expected volatility (ii)	20%	20%	20%	20%
Expected life – years (iii)	3	3	3	1.75
Risk-free rate (iv)	2.10%	2.10%	2.10%	1.49%
Expected dividend yields (v)	Nil	Nil	Nil	Nil
Fair value per M Class share	$0.53	$0.27	$0.27	$0.23

(i) The weighted average share price was determined based on the most recent issue of shares to a third party. Given the Company was private when the M Class shares were issued, this was considered an appropriate valuation.

(ii) As DDH1 Holdings Pty Ltd was a privately held company, there was no observable share price history to calculate a historical volatility estimate. The expected volatility was therefore based on an assessment of the share price volatility of other similar businesses.

(iii) The M Class shares convert to ordinary shares on an exit event, subject to the achievement of the performance conditions. Accordingly, the expected exit date is equivalent to the effective life of the M Class shares. This was initially assessed as 30 June 2021, however as an exit event occurred during the year, the share-based payment expense was expensed in full to 9 March 2021.

(iv) The risk-free rate assumed in the model was assumed to best fit with the yield on three-year Australian Government bonds to broadly match the effective life of the plan.

(v) Potential dividends were not expected to be significant over the plan period and therefore had been assumed to be nil for the valuation.

Notes to the Consolidated Financial Statements (continued)

31. Subsidiaries

As this financial report is a continuation of business (refer to Note 1), the information about the composition of the Group during the comparative reporting period below is demonstrated as if the Group had been in existence for the entire period.

Name of Subsidiary	Principal Activity	Place of Incorporation & Operation	Proportion of ownership interest and voting power held by the Group	
			30 June 2022	30 June 2021
DDH1 Group Holdings Pty Ltd	Holding company	Australia	100%	100%
DDH1 Holdings Pty Ltd	Holding company	Australia	100%	100%
DDH1 Midco Pty Ltd	Holding company	Australia	100%	100%
DDH1 Finco Pty Ltd	Holding Company	Australia	100%	100%
DDH1 Drilling Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Strike Drilling Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Ranger Exploration Drilling Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Izett Holdings Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Swick Mining Services Pty Ltd	Holding company	Australia	100%	-
SMS Operations Pty Ltd	Provision of Drilling Services	Australia	100%	-
SMS Asset Holdings Pty Ltd	Provision of Drilling Services	Australia	100%	-
Swick Engineering Pty Ltd	Construction of Drill rigs	Australia	100%	-
Swick Mining Services (Indonesia) Pty Ltd	Provision of Drilling Services	Australia	100%	-
Swick Mining Services (Canada) Inc	Provision of Drilling Services	Canada	100%	-
Swick Mining Services (USA) Inc	Provision of Drilling Services	USA	100%	-
Swick Drilling Portugal Uniprossal Lda	Provision of Drilling Services	Portugal/Spain	100%	-
Swick Drilling Europe Ltd	Provision of Drilling Services	United Kingdom	100%	-

Notes to the Consolidated Financial Statements (continued)

31. Subsidiaries (continued)

The parent entity and its wholly-owned subsidiaries that are incorporated in Australia, form the Tax Consolidation Group.

Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the Australian wholly-owned subsidiaries listed above, are parties to the Deed of Cross Guarantee and are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of Financial Reports and Director Reports.

The consolidated income statement and the consolidated statement of financial position of the entities which are parties to the deed of cross guarantee are:

Consolidated Statement of Profit or Loss and Other Comprehensive Income of entities party to the deed of cross guarantee

	Note	30 June 2022 $000s	30 June 2021 $000s
Revenue	4	396,753	294,606
Other income	4	9,563	4,206
Other gains and losses	4	(2,300)	(139)
Administrative Expenses		(8,022)	(4,901)
Drilling consumables		(39,200)	(32,686)
Employee and contract labour expenses	5	(182,678)	(132,091)
Fuel and oil expenses		(10,162)	(6,457)
Freight and couriers		(6,105)	(3,909)
Hire of plant		(14,614)	(8,501)
Service and repair expenses		(31,857)	(23,869)
Travel expenses		(15,242)	(10,412)
IPO expenses		(3,820)	(7,431)
Other expenses		(5,642)	(2,806)
EBITDA		**86,674**	**65,610**
Depreciation expense	5	(28,628)	(21,528)
Amortisation expense	5	(5,808)	(2,151)
EBIT		**52,238**	**41,931**
Interest income		7	1
Finance costs	5	(1,644)	(2,526)
Profit before tax		**50,601**	**39,406**
Income tax (expense)/benefit	18	(17,379)	17,780
Profit for the year		**33,222**	**57,186**
Other comprehensive income, net of income tax			
Exchange differences on foreign controlled entities		**818**	**-**
Total comprehensive income for the year		**34,040**	**57,186**
Profit attributable to owners of the parent		**34,040**	**57,186**

Notes to the Consolidated Financial Statements (continued)

31. Subsidiaries (continued)

Consolidated Statement of Financial Position of entities party to the deed of cross guarantee

	30 June 2022 $000s	30 June 2021 $000s
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	11,558	14,591
Trade and other receivables	85,570	55,696
Inventories	51,756	26,098
Current tax asset	4,055	4,279
Other current assets	1,717	1,221
TOTAL CURRENT ASSETS	**154,656**	**101,885**
NON-CURRENT ASSETS		
Financial assets	16,998	562
Intangible assets	61,385	30,819
Property, plant and equipment	204,732	129,415
Right of use assets	13,459	4,228
Deferred tax asset	-	14,413
TOTAL NON-CURRENT ASSETS	**296,574**	**179,437**
TOTAL ASSETS	**451,230**	**281,322**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	47,768	28,757
Lease liabilities	4,215	3,217
Provisions	19,820	8,433
TOTAL CURRENT LIABILITIES	**71,803**	**40,407**
NON-CURRENT LIABILITIES		
Lease liabilities	14,632	6,424
Borrowings	29,827	-
Provisions	626	804
Deferred tax liabilities	10,933	-
TOTAL NON-CURRENT LIABILITIES	**56,018**	**7,228**
TOTAL LIABILITIES	**127,821**	**47,635**
NET ASSETS	**323,408**	**233,687**
EQUITY		
Issued capital	464,543	375,025
Group reorganisation reserve	(266,574)	(266,574)
Share based payment reserve	3,706	3,837
Foreign Currency Translation reserve	818	-
Retained earnings	120,915	121,399
TOTAL EQUITY	**323,408**	**233,687**

Notes to the Consolidated Financial Statements (continued)

32. Parent Entity Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below. See Note 1 for a summary of the significant accounting policies relating to the Group.

Refer to Note 31, which discloses the Deed of Cross Guarantees which are in place between the parent entity and all of its subsidiaries. Under the deed, each company guarantees to support the liabilities and obligations of the others.

The financial information for the parent entity is detailed below.

Financial position	**30 June 2022 $000s**	**30 June 2021 $000s**
Assets		
Current assets	162	939
Non-current assets	358,092	232,845
Total assets	**358,254**	**233,784**
Liabilities		
Current liabilities	(1,849)	(96)
Non-current liabilities	(30,000)	-
Total liabilities	**(31,849)**	**(96)**
Equity		
Issued capital	464,543	375,025
Retained earnings/(accumulated losses)	(138,138)	(141,338)
Total equity	**326,405**	**233,687**
Financial performance		
Profit/(loss) for the year	21,557	(2,360)
Total comprehensive income/(loss)	21,557	(2,360)

Notes to the Consolidated Financial Statements (continued)

33. Auditor's Remuneration

During the year, the following fees were paid for services provided by the External Auditor, Deloitte, and its network firms:

	Note	30 June 2022	30 June 2021
Deloitte and related network firms			
Audit and or review of financial reports		444,000	343,113
		444,000	**343,113**
Other assurance and agreed-upon procedures under other legislation or contractual arrangements			
Investigating accountants report		-	393,316
Other consulting services		12,000	-
		12,000	**393,316**
Total remuneration		**456,000**	**736,429**

The auditor of the Group is Deloitte Touche Tohmatsu.

34. Commitments and contingencies

a) Capital Commitments

The Group has capital commitments for purchases of drill rigs assets and support gear totalling $8,362k (2021: 9,057k).

b) Contingent liabilities

On 30 June 2022, the Board of Directors of DDH1 approved an on-market share buy-back program of up to 34,280,468 shares, representing approximately 8% of the issued capital of DDH1, over 12 months from 18 July 2022 at no more than 5% above the volume-weighted average price of DDH1 shares over the five trading days prior to the purchase. Subsequent to 30 June 2022, 3,023,376 shares at a total amount of $2,481,922 have been bought back under the buy-back program.

35. Bank guarantees

The Group has bank guarantees in the amount of $1,203k (2021: $628k) in relation to lease liabilities. The total facility for bank guarantees are fully drawn down at balance date.

Notes to the Consolidated Financial Statements (continued)

36. Acquisition Of Subsidiaries

On 7 February 2022, the Group completed the acquisition of Swick Mining Services Limited ("Swick") and its subsidiaries. Total consideration for Swick was $88.15 million for 100% of the shares.

Swick was acquired to achieve the following:

- An additional 72 best-in-class rigs and 625 highly skilled employees;
- Addition of world-renowned underground drilling management and rig design executive team;
- Access to world leading R&D, rig construction and maintenance skill sets;
- Exposure to first world mining jurisdictions in North America and Western Europe; and
- Potential to realise revenue and cost synergies through the combined group.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	7 February 2022 $000s
Cash and cash equivalents	4,994
Trade and other receivables	23,148
Inventory	28,718
Other assets	2,656
Property, plant and equipment	57,884
Intangible development assets	5,886
Financial assets classified as FVOCI	2,221
Right of use assets	7,398
Identifiable intangible assets	25,740
Trade and other payables	(19,681)
Borrowings	(30,000)
Lease Liabilities	(10,510)
Provisions	(6,941)
Deferred tax assets/(Liabilities)	(7,835)
Total net identifiable assets acquired	**83,677**
Goodwill	4,475
Total Consideration	**88,152**

The initial accounting for the acquisition of Swick has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of Swick's assets are required to be reset based on market values of the assets as they are included within the Company's Australian tax consolidated group. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations relative to the fair value of the right of use assets, financial assets classified as FVOCI and finalisation of deferred tax valuations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely values.

The goodwill of $4,475k arising from the acquisition included amounts in relation to the benefit of expected synergies, future market development and the assembled workforce of Swick. These benefits are not recognised separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill is expected to be deductible for income tax purposes.

An external assessment has been performed to determine the carrying value of the intangibles recognised on acquisition. Customer contracts and relationships are being amortised in line with the valuation assessment of 2-5 years depending on the underlying relationship.

Notes to the Consolidated Financial Statements (continued)

36. Acquisition Of Subsidiaries (continued)

All consideration was in the form of DDH1 ordinary fully paid shares issued at a ratio of 0.2970 DDH1 shares for each Swick Mining Services Limited share, resulting in DDH1 issuing 83.95 million new ordinary fully paid shares. At the date of acquisition, the market price for DDH1 shares was $1.05 per share, resulting in consideration of $88.15 million.

Acquisition-related costs (included in administrative expenses) relating to the acquisition of Swick Mining Services Limited were $3,820k, which have been expensed.

Swick contributed circa $69 million revenue and circa $7 million to the Group's profit before tax for the period between the date of acquisition and the reporting date.

If the acquisition of Swick had been completed on the first day of the financial year, Group revenues for the year would have been circa $507 million and Group net profit would have been circa $113 million.

37. Post-reporting Date Events

For the year ended 30 June 2022, a fully franked dividend of 2.65 cents per share was declared on 29 August 2022 and is payable on 7 October 2022 to DDH1 shareholders on the share register at 16 September 2022.

On 30 June 2022, the Board of Directors of DDH1 approved an on-market share buy-back program of up to 34,280,468 shares, representing approximately 8% of the issued capital of DDH1, over 12 months from 18 July 2022 at no more than 5% above the volume-weighted average price of DDH1 shares over the five trading days prior to the purchase. Subsequent to 30 June 2022, 3,023,376 shares at a total amount of 2,481,922 have been bought back under the buy-back program.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

38. Company Details

DDH1 Limited is a company limited by shares, incorporated and domiciled in Australia.

Registered office and principal place of business of the Company:

21 Baile Road
Canning Vale, Perth, Western Australia 6155

Directors' Declaration

In accordance with a resolution of the Directors of DDH1 Limited, I state that:

In the opinion of the Directors:

(a) The attached financial statements and notes thereto for the financial year ended 30 June 2022 are in accordance with the *Corporations Act 2001*, including:

   a. Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date: and

   b. Complying with Accounting Standards and the *Corporations Regulations 2001*;

(b) The attached financial statements and notes comply with International Financial Reporting Standards, as stated in note 1.1 to the financial statements; and

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (*Wholly-owned Companies*) Instrument 2016/785. The nature of the deed of cross guarantee is such that each entity which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

Signed on behalf of the Board of Directors pursuant to s.295(5) of the *Corporations Act 2001*.

Director
Diane Smith-Gander, AO

Dated this 29th day of August 2022

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

Independent Auditor's Report to the members of DDH1 Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DDH1 Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

Deloitte.

<table>
<tr><th></th><th></th></tr>
<tr><td>

Acquisition of Swick Mining Services

As disclosed in Note 36 to the financial statements the Group completed the acquisition of Swick Mining Services Limited (Swick) on 7 February 2022, for total purchase consideration of $88.15 million, which has been provisionally accounted for at 30 June 2022.

Significant judgement was required in assessing the appropriateness of the acquisition accounting, including:

- concluding on the date that control was obtained by the Company under the Scheme of Arrangement;
- valuing the property, plant and equipment, including the Drill Rigs, that were acquired;
- identifying and valuing the identifiable intangible assets acquired, including customer contracts, customer relationships, and intangible development assets; and
- the impact of the transaction on associated tax balances, including the deferred tax impact on reset tax cost bases.

</td><td>

Our procedures included, but were not limited to:

- reviewing the Scheme of Arrangement to understand the nature of the transaction, and the consideration;
- assessing the acquisition date;
- assessing the fair value of consideration transferred to shareholders of Swick;
- understanding management's controls over the valuation process for the identification of the assets acquired and liabilities assumed including consideration of contingent assets or liabilities;
- obtaining a copy of management's experts' valuation report that was commissioned to determine the fair values at acquisition date of property, plant and equipment and intangible assets acquired;
- assessing the independence, competence and objectivity of management's experts;
- assessing, in conjunction with our internal valuation specialists, the identification of assets acquired and liabilities assumed, and the appropriateness of the methodologies and assumptions used by management and their experts, including the following:
    - *Customer contracts and relationships:* assessing the methodologies applied in valuing the assets, and the reasonableness of critical assumptions including assumed contract renewal periods, contract pricing, contributory asset charges and discount rate;
    - *Intangible development assets:* assessing the methodologies applied in relation to valuing the rig development assets, and the reasonableness of critical assumptions such as useful life of the related assets;
    - *Property, plant and equipment:* assessing the methodologies applied in valuing assets and the resulting valuations adopted; and
    - assessing the provisional allocation of the consideration to the assets acquired and liabilities assumed.
- assessing, in conjunction with our internal taxation specialists, the calculation and valuation of the provisional deferred tax balances arising on the transaction.

We also assessed the appropriateness of the disclosures in Note 36 to the financial statements.

</td></tr>
</table>

Deloitte.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 74 to 93 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of DDH1 Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants
Perth, 29 August 2022


SWICK

SHAREHOLDER INFORMATION

The security holder information set out below was applicable as at 12 August 2022.

DISTRIBUTION OF SHAREHOLDERS

The distribution of shareholders was as follows:

	Ordinary Shares		
Share Grouping	**Number of shareholders**	**Shares**	**Percentage of shares on issue**
1 - 1,000	815	391,806	0.09
1,001 - 5,000	987	2,713,288	0.64
5,001 - 10,000	501	4,034,358	0.95
10,001 - 100,000	1,011	32,582,423	7.63
100,001 and over	143	387,037,301	90.69
	3,457	**426,759,176**	**100.00**

There were 486 holders of less than a marketable parcel of 592 shares ($500 worth) based on the closing market price DDH1 shares on 12 August 2022.

TWENTY LARGEST SHAREHOLDERS

	Ordinary Shares	
Name of registered holder	**Number of shares held**	**Percentage of shares on issue**
1. DDH1 HOLDINGS SINGAPORE PTE LTD	75,753,063	17.75
2. CITICORP NOMINEES PTY LIMITED	49,181,002	11.52
3. WESTERN ALLOYS PTY LTD <WESTALL INVESTMENT A/C>	47,419,961	11.11
4. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	36,403,383	8.53
5. GOLDENMILE PTY LTD <ALLOY INVESTMENT A/C>	23,709,981	5.56
6. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	17,992,000	4.22
7. WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	14,053,646	3.29
8. NATIONAL NOMINEES LIMITED	12,097,838	2.83
9. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	11,607,298	2.72
10. MOORE LIFE INVESTMENTS PTY LTD <MOORE LIFE INVESTMENTS A/C>	9,824,563	2.30
11. UBS NOMINEES PTY LTD	9,553,468	2.24
12. WOODROSS NOMINEES PTY LTD	5,739,410	1.34
13. BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	5,160,289	1.21
14. SYBRANDT VAN DYK	4,965,886	1.16
15. BOND STREET CUSTODIANS LIMITED <SALTER - D79836 A/C>	3,106,250	0.73
16. WARBONT NOMINEES PTY LTD <ACCUMULATION ENTREPOT A/C>	3,013,284	0.71
17. MR KENT JASON SWICK	2,570,176	0.60
18. DDH1 LIMITED <BUY BACK A/C>	2,443,607	0.57
19. BANDED IRON PTY LTD	2,416,771	0.57
20. BANDED IRON PTY LTD	2,416,770	0.57
Total	**339,428,646**	**79.54**

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders are as follows and information is as at the date of the substantial shareholders notice was provided to the Company:

	Ordinary Shares	
	Number of shares held	**Percentage of shares on issue**
DDH1 HOLDINGS SINGAPORE PTE LTD (OAKTREE CAPITAL)	75,753,063	17.75%
MURRY POLLOCK & WESTERN ALLOYS PTY LTD AS TRUSTEE FOR THE WESTALL INVESTMENT TRUST	47,419,961	11.11%
MATTHEW THURSTON & GOLDENMILE PTY LTD AS TRUSTEE FOR THE ALLOYS INVESTMENT TRUST	23,709,981	5.56%

UNQUOTED SECURITIES

	Performance Rights	
	Number of holders	**Number on issue**
Performance Rights issued under the DDH1 Long-Term Incentive Plan	10	1,952,010

No holder held more that 20% of the number of Performance Rights on issue.

SHARES HELD IN VOLUNTARY ESCROW

Shares that are subject to voluntary escrow arrangements at the time that DDH was admitted to the official list of ASX are as follows:

A total of 65,056,580 shares are subject to voluntary escrow, which will end at 4:15pm on the date that the Company has released to the ASX its audited financial report for the financial year ended 30 June 2022. These shares are already quoted on the ASX. The shares to be released from escrow are held as follows:

- Founders[1]: 56,983,251 shares
- Management[2]: 8,073,329 shares

1. As defined in section 10.6 of DDH1's Prospectus dated 8 February 2021 and includes DDH1 Limited Non-Executive Director Murray Pollock (and his associates), and other executives (and their associates) employed within the DDH1 group of companies.

2. Shares held by various executives and managers (or their associates) employed within the DDH1 group of companies. A total of 6,674,814 shares remain subject to additional holding lock arrangements, which apply for so long as an amount is owing in respect of shares under the terms of a limited recourse loan agreement to which that share relates.

ON-MARKET BUY-BACK

On 1 July 2022, the Board announced an on-market share buy-back program of up to 10% of the issued capital, to be executed over the next 12 months ("Buy-Back").

The Buy-Back will be made under ASX Listing Rules and section 257B(4) of the Corporations Act 2001 and may run for up to 12 months from commencement date of 18 July 2022.

In accordance with the ASX Listing Rules, the prices paid for shares purchased under the Buy-Back will be no more than 5% above the volume-weighted average price of DDH1 shares over the five trading days prior to purchase. The total number of shares to be purchased by the Company under the Buy-Back will depend on market conditions. The Buy-Back may be open for 12 months from 18 July 2022.

The proposed number of shares to be acquired pursuant to this Buy-Back program taken over the next 12 months is up to 34,280,468 shares. This number of shares represents approximately 8% of DDH1's share capital.

VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) **Ordinary Shares:** every member present as a meeting of the Company in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) **Performance Rights:** no voting rights.

COMPLIANCE STATEMENT UNDER ASX LR 4.10.19

DDH1 confirms that it used cash and assets in a form readily convertible to cash, at the time it was admitted to the ASX (being 9 March 2021) to 30 June 2022, in a way that was consistent with its business objectives as stated in its Prospectus dated 8 February 2021.

COMPANY SECRETARIES

Ben MacKinnon
Darryl Edwards

REGISTERED OFFICE

21 Baile Road
Canning Vale
Western Australia, 6155
Telephone: +618 9435 1700
www.ddh1.com.au

SHARE REGISTRY

Computershare Investor Services
452 Johnston Street
Abbotsford
Victoria, 3067

Telephone:
Australia: 1300 558 062
International: (+61 3) 9415 4631
www.computershare.com.au

ANNUAL GENERAL MEETING

Our FY22 Annual General Meeting will be held on Friday 4 November at 2.00pm (AWST) at Level 8, Exchange Tower, 2 The Esplanade, Perth, Western Australia.
Members of our Board and Management Team will be available to answer questions pertaining to the Company's performance and operations.

CORPORATE CALENDAR

August 2022	FY22 Full Year Results
November 2022	FY22 Annual General Meeting
31 December 2022	1H FY23 Year End
February 2023	1H FY23 Results
March 2023	1H FY23 Results Road Show
30 June 2023	FY23 Full Year End
August 2023	FY23 Full Year Results
September 2023	FY23 Results Road Show

NOTE: Dates subject to change, please check the corporate website to confirm current dates: www.ddh1.com.au

SHARE REGISTRY

The DDH1 share register is managed by Computershare Investor Services Pty Limited (Computershare).

Computershare provides a range of services that can be accessed online. When accessing some information online you may be required to enter your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements and other personal details such as your postcode.

Contact Computershare on:

Phone
Australia: 1300 558 062
International: (+61 3) 9415 4631

Address
Level 11, 172 St Georges Terrace Perth WA 6000

Postal address
GPO Box D182 Perth WA 6840

www.computershare.com.au

CORPORATE DIRECTORY

ASX:DDH
Listing Date 9 March 2021

DDH1 REGISTERED OFFICE
DDH1 Limited
21 Baile Road
Canning Vale WA 6155

CORPORATE WEBSITE
www.ddh1.com.au

DIRECTORS
Diane Smith-Gander AO
Alan Broome AM
Andrea Sutton
Murray Pollock
Byron Beath
Sy Van Dyk

JOINT COMPANY SECRETARIES
Ben MacKinnon
Darryl Edwards

AUDITOR
Deloitte Touche Tohmatsu
Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000

TAX ADVISER
PricewaterhouseCoopers
Brookfield Place
125 St Georges Terrace
Perth WA 6000

COMPANY HISTORY

KEY MILESTONES

1997	Swick Mining Services established by Kent Swick
2005	Ranger Drilling established by Matt Izett
2006	DDH1 Drilling established by Murray Pollock and Matt Thurston
2006	Swick Mining Services listed on ASX (ASX:SWK)
2009	DDH1 Drilling establishes office in Brisbane, Queensland
2009	Swick Mining Services commences North American operations
2012	Swick Mining Services commences European operations in Portugal
2013	Strike Drilling established by Richard Bennett
2014-16	DDH1, Ranger and Strike continue to grow fleet numbers during prolonged mining downturn
2017	Oaktree acquires 50% interest in DDH1
2018	DDH1 Drilling acquires Strike Drilling
2018	DDH1 Drilling drills deepest mineral core hole in Australian history at North Star Resources Jundee Gold Mine
2019	DDH1 Holdings acquires Ranger Drilling
2019	DDH1 Drilling completed deepest mine service hole in Southern Hemisphere to 1,446m
2021	DDH1 Limited listed on ASX (ASX:DDH)
2021	Swick Mining Services establishes Swick Engineering division
2022	DDH1 Limited acquires Swick Mining Services

FORWARD LOOKING STATEMENTS

IMPORTANT NOTICE AND DISCLAIMER

This report may contain forward looking statements concerning activities which are or may be undertaken, outlook or other matters. Any such forward-looking statements are based on assumptions, which may differ materially from the actual circumstances which may arise. Actual results may differ from projections and such variations may be material. You should not place undue reliance on any projections, which are based only on information currently available to DDH1. DDH1 undertakes no obligation to update any forward-looking statements for events or circumstances that occur subsequent to the date of this report or to keep current any of the information provided. Past performance is no guarantee of future performance.

Forward-looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that those predictions, forecasts and other forward-looking statements will not be achieved. Forward-looking statements, opinions and estimates provided in this report are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

This report contains statements that are subject to risk factors associated with DDH1's industry as well as unknown risks and uncertainties (both general and specific), many of which are outside the control of DDH1. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables, some of which are outside DDH1's control, which could cause actual results or trends to differ materially, including but not limited to earnings, capital expenditure, cash flow and capital structure risks and general business risks. Given this, recipients are strongly cautioned not to place undue reliance on any Projections and forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID pandemic.

Disclaimer: Other than as required by law, neither DDH1 nor any other person (including any director, officer or employee of any member of the Group) gives any representation, warranty or assurance (express or implied) in relation to the accuracy or completeness of any forward-looking statement or that the occurrence of any event, results, performance or achievement will actually occur. Except as required by applicable laws or regulations, DDH1 expressly disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this report to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

DDH 1 LIMITED

HEAD OFFICE
21 Baile Road
Canning Vale WA 6155

admin@ddh1.com.au
+61 (0) 8 9435 1700

ddh1.com.au

ABN 48 636 677 088