ASX Announcement

17 August 2023

SCHEME BOOKLET REGISTERED WITH ASIC

DDH1 Limited (ASX: DDH) (‘**DDH1**’) refers to its previous announcement made on 16 August 2023 in relation to:

- the proposed acquisition of DDH1 by Perenti Limited (ASX: PRN) (‘**Perenti**’) to acquire 100% of the shares on issue in DDH1 pursuant to a scheme of arrangement (‘**Scheme’**); and
- the orders of the Federal Court of Australia (‘**Court**’) that DDH1 convene a meeting of DDH1 shareholders to consider and vote on the Scheme (‘**Scheme Meeting**’) and approves dispatch of an explanatory statement providing information about the Scheme together with notice of the Scheme Meeting (together, the ‘**Scheme Booklet**’).

DDH1 is pleased to confirm that the Australian Securities and Investment Commission (‘**ASIC**’) has today registered the Scheme Booklet.

A copy of the Scheme Booklet containing information about the Scheme, the Independent Expert’s Report and the notice of Scheme Meeting accompanies this announcement.

The Scheme Booklet is also available for viewing and downloading at DDH1’s website https://ddh1.com.au/investors/ and on DDH1's announcement platform at https://www.asx.com.au/.

Dispatch of Scheme Booklet

DDH1 shareholders who have elected to receive communications electronically will receive an email that contains instructions about how to view or download a copy of the Scheme Booklet and how to lodge their Consideration Election Form and (where applicable) Unmarketable Parcel Rollover Election Form (‘**Consideration Election Forms**’) and Proxy Form for the Scheme Meeting.

DDH1 shareholders who have elected to receive all communications via post will receive a printed copy of the Scheme Booklet together with a Proxy Form for the Scheme Meeting and Consideration Election Forms.

All other DDH1 shareholders will be sent a letter containing details on how to access a copy of the Scheme Booklet online together with a Proxy Form for the Scheme Meeting and Consideration Election Forms.

DDH1 shareholders who wish to receive a printed copy of the Scheme Booklet may request one by calling the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (Sydney time) Monday to Friday (excluding public holidays).

DDH1 shareholders should carefully read the Scheme Booklet in its entirety, including the materials accompanying it, before deciding whether to vote in favour of the Scheme.

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Independent Expert's Report

The Scheme Booklet includes an Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd ('**Independent Expert**'). The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interest of DDH1 shareholders, in the absence of a Superior Proposal (as defined in the Scheme Implementation Agreement).

The Independent Expert's conclusion should be read in context with the full Independent Expert's Report and the Scheme Booklet.

DDH1 Directors' and Independent Board Committee recommendation for voting intention

The directors of DDH1 and the Independent Board Committee[1] unanimously recommend that DDH1 shareholders vote in favour of the Scheme in the absence of a Superior Proposal (as defined in the Scheme Implementation Agreement) and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of shareholders.[2] Subject to the same qualifications, each DDH1 Director intends to vote, or cause to be voted, all DDH1 shares held or controlled by them in favour of the Scheme.

Scheme Consideration Election

Under the terms of the Scheme, DDH1 shareholders (other than Ineligible Overseas Shareholders[3]) will be entitled to receive, for each DDH1 share held at the Record Date, $0.1238 cash plus 0.7111 Perenti shares (or such number of Perenti shares as adjusted for any DDH1 or Perenti final FY23 declared dividend) (the '**Standard Consideration**').

DDH1 shareholders (other than Ineligible Overseas Shareholders) may elect by 5.00pm (Perth time) on 12 September 2023 to receive either the Standard Consideration, or more cash (the '**Maximum Cash Consideration**') or more scrip (the '**Maximum Scrip Consideration**') (each being a '**Consideration Election**').

The Consideration Election mechanism seeks to maximise DDH1 shareholders' preferred form of Scheme consideration, being scrip or cash, to the extent possible within the total cash pool of just over $50 million. The Maximum Cash Consideration and Maximum Scrip Consideration will be subject to adjustment for any DDH1 or Perenti final FY23 declared dividend, and adjustment for Scaleback Arrangements (as defined in the Scheme Implementation Agreement).

DDH1 shareholders may withdraw or amend their Consideration Election by lodging a Consideration Election Amendment / Withdrawal Form so that it is received by no later than 5.00pm (Perth time) on 12 September 2023.

Unmarketable Parcel Rollover Election

DDH1 shareholders (other than Ineligible Overseas Shareholders) who believe they may prove to be an Unmarketable Parcel Shareholder[4] may, in addition to making a Consideration Election, make an election not to have the scrip component of their Standard Consideration sold under the nominee sale process ('**Unmarketable Parcel Rollover Election**').

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Unmarketable Parcel Shareholders who do not make an Unmarketable Parcel Rollover Election by 5.00pm (Perth time) on 12 September 2023 will not receive any Perenti shares. Instead, Perenti shares to which an Unmarketable Parcel Shareholder would otherwise be entitled will be sold by a nominee under the nominee sale process, with the sale proceeds remitted to the Unmarketable Parcel Shareholder (after deduction of any applicable brokerage and other costs, taxes and charges).

Unmarketable Parcel Shareholders may withdraw an Unmarketable Parcel Rollover Election by lodging a signed Unmarketable Election Withdrawal Form, so that it is received by no later than 5.00pm (Perth time) on 12 September 2023.

Indicative timeline

The key events and expected timing in relation to the approval and implementation of the Scheme are set out in the table below:

Election Date (being the last time and date by which completed Consideration Election Form, or Consideration Election Amendment / Withdrawal Form or Unmarketable Parcel Rollover Election Form or Unmarketable Election Withdrawal Form, must be received)	5:00pm (Perth time) on 12 September 2023
Date for determining calculations as to the operation of the Scaleback Arrangements, based on the Elections received on the Election Date	13 September 2023
Latest time and date for lodgement of the completed Proxy Form for the Scheme Meeting	1:00pm (Perth time) on 16 September 2023
Time and date for determining the eligibility of DDH1 shareholders to vote at the Scheme Meeting	1:00pm (Perth time) on 16 September 2023
Time and date of the Scheme Meeting	1:00pm (Perth time) on 18 September 2023
Second Court Date	26 September 2023
Effective Date of the Scheme	27 September 2023
Last date of trading of DDH1 shares on ASX	27 September 2023
Record date for Scheme	5:00pm (Perth time) on 29 September 2023
Implementation Date of the Scheme and payment of the Scheme Consideration	6 October 2023

Note: All stated dates and times are indicative only and subject to necessary approvals from the Court and each other condition precedent to the Scheme being satisfied or waived. DDH1 has the right to vary the timetable detailed above subject to the approval of such variation by Perenti, the Federal Court, and ASIC where required. Any changes to the above timetable will be announced to ASX and will be available under the Company's profile on ASX at https://www.asx.com.au/

Supplementary information

As DDH1's and Perenti's audited financial statements for the full year ended 30 June 2023 will not be available until after the date of the Scheme Booklet, DDH1 intends to seek Court approval for the release of a supplementary Scheme Booklet disclosing the audited financial statements, details of any dividends declared by DDH1 or Perenti and any related implications for DDH1 Shareholders.

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Further information

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

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

For further information, please contact:

Sy Van Dyk	**Simon Franich**
Managing Director & CEO	Chief Financial Officer (CFO)
DDH1 Limited	DDH1 Limited
(08) 9435 1700	(08) 9435 1700
investor.relations@ddh1.com.au	investor.relations@ddh1.com.au

Notes

1. DDH1's Independent Board Committee is comprised of DDH1's three Independent Directors, being Ms Diane Smith-Gander, Ms Andrea Sutton, and Mr Alan Broome, together with the Managing Director & CEO, Mr Sy van Dyk.

2. When considering the Directors' recommendation, you should note that Mr Sy Van Dyk, Managing Director & CEO of DDH1, will be receiving a benefit if the Scheme proceeds (see Scheme Booklet Section 11.5). As at the date of this Scheme Booklet, Mr Van Dyk holds 758,202 DDH1 Performance Rights that will, in accordance with the Scheme, vest on or before the Record Date, resulting in the issue of 758,202 DDH1 Shares to Mr Van Dyk (see Scheme Booklet Sections 1.12, 4.5 and 11.1 for further information). As at the date of the Scheme Booklet, Mr Van Dyk also holds 4,625,000 DDH1 Loan Shares with an outstanding loan balance of $1,684,954 (see Scheme Booklet Sections 4.6 and 11.1 for further information). In respect of these DDH1 Loan Shares, if the Scheme is implemented, rather than the Scheme triggering repayment of the loan within 3 business days of implementation, it is proposed that Perenti will enter into a DDH1 Loan Share Deed with Mr Van Dyk on substantially the same terms as the existing loan agreement terms (see Scheme Booklet Section 4.6 for further information). In addition, if the Scheme is implemented, it is proposed that Mr Van Dyk and a Perenti Group member enter into an executive services agreement for total remuneration consistent with his existing arrangements with the DDH1 Group (see Scheme Booklet Section 11.5 for further information). Despite this interest in the outcome of the Scheme, Mr Van Dyk considers that, given the importance of the Scheme, and his role as Managing Director & CEO of DDH1, it is important and appropriate for him to provide a recommendation to DDH1 Shareholders in relation to voting on the Scheme. Additionally, the DDH1 Board (excluding Mr Van Dyk) also considers that it is appropriate for Mr Van Dyk to make a recommendation on the Scheme given his role in the management and operations of DDH1. You should further note when considering this recommendation that, if the Scheme is implemented, Ms Diane Smith-Gander, Chairperson and Independent Non-Executive Director of DDH1, and Ms Andrea Sutton, Independent Non-Executive Director of DDH1, will be appointed as Non-Executive Directors of Perenti on terms consistent with Perenti's existing remuneration policy (see Scheme Booklet Sections 6.3(d) and 11.5 for further information). You should also note when considering this recommendation that Mr Murray Pollock, Non-Executive Director of DDH1, has a Relevant Interest in the DDH1 Shares held by substantial shareholder, Western Alloys Pty Ltd as trustee for the Westall Investment Trust (see Scheme Booklet Sections 4.5 and 11.5 for further information).

3. An Ineligible Overseas Shareholder means a DDH1 shareholder whose address shown in the DDH1 Share Register on the Record Date is a place outside Australia and its external territories and New Zealand, unless Perenti determines that it is lawful and not unduly onerous or impracticable to issue that DDH1 shareholder with New Perenti Shares when the Scheme becomes Effective.

4. A DDH1 shareholder (other than an Ineligible Overseas Shareholder) will be an Unmarketable Parcel Shareholder where, based on their holding of Scheme Shares on the Record Date, their Consideration Election and the operation of the Scaleback Arrangements (if applicable), they would, on implementation of the Scheme, be entitled to receive a parcel of New Perenti Shares worth less than $500 (assessed by reference to the price of Perenti Shares on ASX at the close of trade on the trading day prior to the Record Date).

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About DDH1 Limited

DDH1 is a quality global drilling company.

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

The Company has 193 rigs and one of the top five largest fleets globally (approx. 60% surface and 40% underground). DDH1 maintains a modern fleet with best-in-class technology to deliver optimal productivity, value and safety for clients.

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

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

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

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

For more information, please visit www.ddh1.com.au

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SCHEME BOOKLET

for the recommended scheme of arrangement in relation to the proposed acquisition of all of your DDH1 Shares by Perenti Limited.

A Notice of Scheme Meeting is included as Annexure D

The DDH1 Directors and the Independent Board Committee unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of DDH1 Shareholders in the absence of a superior proposal.

This is an important document and requires your immediate attention. You should read this Scheme Booklet in its entirety prior to deciding whether or not to vote in favour of the Scheme Resolution. If you are in any doubt as to how to deal with this Scheme Booklet, please consult your independent financial, legal or taxation adviser immediately. If you have sold all of your DDH1 Shares, please ignore this Scheme Booklet.

If you have any questions about this Scheme Booklet or the Scheme you should contact the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays).

VOTE IN FAVOUR

DDH1 Limited
ACN 636 677 088

Financial Adviser to DDH1

MA Moelis Australia

Legal Adviser to DDH1

CLAYTON UTZ

CONTENTS

IMPORTANT NOTICES

DATE OF SCHEME BOOKLET

This Scheme Booklet is dated 16 August 2023.

GENERAL

DDH1 Shareholders should read this Scheme Booklet in its entirety before making a decision as to how to vote on the resolution to be considered at the Scheme Meeting. If you are in any doubt as to how to deal with this Scheme Booklet, please consult your independent financial, legal or taxation adviser immediately.

PURPOSE OF THIS SCHEME BOOKLET

The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which the Scheme will be considered and implemented (if approved), and to provide such information as is prescribed or otherwise material to the decision of DDH1 Shareholders whether or not to approve the Scheme. This Scheme Booklet includes the explanatory statement required by section 412(1) of the Corporations Act in relation to the Scheme. A copy of the proposed Scheme is set out in Annexure A.

RESPONSIBILITY STATEMENT

The DDH1 Information (being all information contained in this Scheme Booklet, other than the Perenti Information, the Independent Expert's Report and the Investigating Accountant's Report) has been prepared by, and is the responsibility of, DDH1. None of Perenti, or its Related Bodies Corporate, or any of their directors, officers, employees and advisers, assumes any responsibility for the accuracy or completeness of the DDH1 Information.

The Perenti Information has been prepared by, and is the responsibility of, Perenti. None of DDH1, or its Related Bodies Corporate, or any of their directors, officers, employees and advisers, assumes any responsibility for the accuracy or completeness of the Perenti Information.

The Independent Expert's Report contained in this Scheme Booklet has been prepared by, and is the responsibility of, BDO, the Independent Expert. The Independent Expert and its directors, officers and employees are not responsible for the accuracy and completeness of any other part of this Scheme Booklet. None of DDH1 or Perenti, or their respective Related Bodies Corporate, or any of their respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report.

The Investigating Accountant's Report contained in this Scheme Booklet has been prepared by, and is the responsibility of, Deloitte, the Investigating Accountant. The Investigating Accountant and its directors, officers and employees are not responsible for the accuracy and completeness of any other part of this Scheme Booklet. None of DDH1 or Perenti, or their respective Related Bodies Corporate, or any of their respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the Investigating Accountant's Report.

ASIC AND THE ASX

A copy of this Scheme Booklet has been provided to ASIC for the purpose of section 411(2) of the Corporations Act and registered by ASIC for the purpose of section 412(6) of the Corporations Act. ASIC has reviewed a copy of this Scheme Booklet. DDH1 has asked ASIC to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. Neither ASIC nor its officers take any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been provided to the ASX. Neither ASX nor any of its officers take any responsibility for the contents of this Scheme Booklet.

Important notice associated with the Court order under section 411(1) of the Corporations Act

The Court has ordered the convening of the Scheme Meeting pursuant to section 411(1) of the Corporations Act. The fact that under section 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet does not mean that the Court:

(a) has formed any view as to the merits of the proposed Scheme or as to how DDH1 Shareholders should vote (on this matter DDH1 Shareholders must reach their own decision); or

(b) has prepared, or is responsible for, the content of this Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

NOT INVESTMENT ADVICE

The information contained in this Scheme Booklet does not constitute financial product advice and has been prepared without reference to the investment objectives, financial situation, taxation position or particular needs of DDH1 Shareholders or any other person. The information in this Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to the Scheme or DDH1 Shares. DDH1 Shareholders should seek independent financial, legal and taxation advice before making any decision regarding the Scheme.

IMPORTANT NOTICES CONTINUED

NOT AN OFFER

This Scheme Booklet does not constitute or contain an offer to DDH1 Shareholders, or a solicitation of an offer from DDH1 Shareholders, in any jurisdiction.

FORWARD LOOKING STATEMENTS

Certain statements in this Scheme Booklet, including any statements relating to DDH1's or Perenti's plans, intentions or expectations of future costs or revenues relate to the future and are forward looking statements or information. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of DDH1 to be materially different from future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties, assumptions and other important factors include, among other things, general economic conditions, exchange rates, interest rates, the regulatory environment, competitive pressures, selling price and market demand.

Assumptions upon which forward looking statements in this Scheme Booklet are based include, without limitation: (a) that DDH1 Shareholders will approve the Scheme; (b) that the Court will approve the Scheme; and (c) that all other Conditions to the Scheme will be satisfied or waived (as applicable). Many of these assumptions are based on factors and events that are not within the control of DDH1 and may not prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward looking statements include, but are not limited to: the satisfaction of the Conditions to the Scheme, including the receipt of DDH1 Shareholder approval and Court approval on the terms expected by DDH1 and Perenti; the parties' ability to meet expectations regarding the timing of implementation of the Scheme; and accounting and tax treatment and the factors identified in Section 7, as well as in DDH1's recent annual and half-yearly financial reports, which are available from DDH1's website at https://www.ddh1.com.au.

Without limiting the generality of the other provisions of this cautionary statement, the Independent Expert's Report set out in Annexure B and the Investigating Accountant's Report set out in Annexure C may contain or refer to forward looking information and is subject to certain assumptions, limitations, risks and uncertainties as described herein and therein.

Other than as required by law, neither DDH1 nor Perenti nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur. DDH1 Shareholders are cautioned about relying on any such forward looking statements. The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Additionally, statements of the intentions of Perenti in this Scheme Booklet reflect present intentions as at the date of this Scheme Booklet and may be subject to change. Forward looking statements are made as at the date of this Scheme Booklet and neither DDH1 nor Perenti undertakes to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as expressly required by law.

ESTIMATES, TARGETS AND FORECASTS

Unless otherwise indicated, any references to estimates, targets and forecasts and derivatives of the same in this Scheme Booklet are references to estimates, targets and forecasts by the management of either DDH1 or Perenti (as applicable). Management estimates, targets and forecasts are based on views held only as at the date of this Scheme Booklet, and actual events and results may be materially different from them.

DDH1 believes that any forecast attributed to it in this Scheme Booklet has been made on reasonable grounds and no forecast in this Scheme Booklet is attributable to Perenti. However, readers are cautioned that the estimates, targets and forecasts are subject to a variety of factors that are likely to cause actual results to vary from them, and such variations may be material. Forward looking information generally involves risks and uncertainties as described above, which are in many instances beyond DDH1's or Perenti's control, including amongst other things, global economic conditions, specific market conditions, regulatory developments and changes, exchange rates, litigation and interest rates. A description of certain risks is set out in Section 7. These risks could cause actual events and results to vary significantly from those included in or contemplated by such statements.

Any estimates, targets or forecasts reflect certain assumptions by DDH1 and/or Perenti which may differ with respect to actual events, economic, competitive and regulatory conditions, financial market conditions and future business decisions, including a continuation of existing business operations on substantially the same basis as currently exists, all of which are difficult to predict and many of which are beyond DDH1's and/or Perenti's control. Accordingly, there can be no assurance that any estimate, forecast or target is indicative of DDH1's or Perenti's future performance or that actual events and results would not differ materially from them.

PRIVACY AND PERSONAL INFORMATION

DDH1, Perenti and the Share Registry may collect personal information in the process of implementing the Scheme. The personal information may include the names, addresses, other contact details and details of the security holdings of DDH1 Shareholders, and the names of individuals appointed by DDH1 Shareholders as proxies, corporate representatives or attorneys at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The personal information is collected for the primary purposes of assisting DDH1 to conduct the Scheme Meeting and to enable the Scheme to be implemented. The personal information may be disclosed to DDH1's and Perenti's share registries/transfer agents, securities brokers, print and mail service providers and any other service provider to the extent necessary to conduct the Scheme Meeting and implement the Scheme.

If the information outlined above is not collected, DDH1 may be hindered in, or prevented from, conducting the Scheme Meeting and implementing the Scheme.

DDH1 Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact the Share Registry on 1300 850 505 (for callers within Australia) or +61 3 9415 4000 (for callers outside of Australia) if they wish to exercise these rights.

DDH1 Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at a Scheme Meeting should inform such an individual of the matters outlined above.

The Privacy Policy of DDH1 is available at www.ddh1.com.au/privacy-policy/ and contains information about how an individual may access personal information about the individual that is held by DDH1, seek the correction of such information or make a privacy related complaint and how such a complaint will be dealt with.

The Privacy Policy of the Share Registry is available at www.computershare.com/au/help/Pages/privacy-policies.aspx and contains information about how an individual may access personal information about the individual that is held by the Share Registry, seek the correction of such information or make a privacy related complaint and how such a complaint will be dealt with.

TAX IMPLICATIONS OF THE SCHEME

If the Scheme becomes Effective and is implemented, there will be tax consequences for Scheme Shareholders which may include tax being payable on any gain on disposal of Scheme Shares. Please refer to Section 10 for further details about the general Australian tax consequences of the Scheme for both Australian and foreign tax resident Scheme Shareholders. The tax treatment may vary depending on the nature and characteristics of each Scheme Shareholder and their specific circumstances. Accordingly, Scheme Shareholders should seek independent taxation advice in relation to their particular circumstances.

INTERPRETATION

Information contained in this Scheme Booklet is given as of 16 August 2023, unless otherwise stated to the contrary. Capitalised terms and certain abbreviations used in this Scheme Booklet have the defined meanings set out in Section 12. The documents reproduced or summarised in the Annexures to this Scheme Booklet may have their own defined terms, which are sometimes different from those in Section 12.

Figures, amounts, percentages, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet. All references to times in this Scheme Booklet are references to time in Perth, Western Australia, Australia, unless otherwise stated. All dates in the timetable are indicative only and subject to change. All references in this Scheme Booklet to "$", "A$", "AUD", "Australian dollars" and "cents" are to Australian currency.

NOTICE OF SCHEME MEETING

The Notice of Scheme Meeting is set out in Annexure D.

Notice of Second Court Hearing and if a DDH1 Shareholder wishes to oppose the Scheme

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting. Any DDH1 Shareholder may appear at the Second Court Hearing and may oppose the approval of the Scheme at the Second Court Hearing. If you wish to oppose in this manner, you must file with the Court and serve on DDH1 a notice of appearance, in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and any affidavit must be served on DDH1 at its address for service at least one day before 26 September 2023. The address for service for DDH1 is c/- Clayton Utz, Level 27, QV.1 Building, 250 St Georges Terrace, Perth WA 6000 (Reference: Cameron Belyea, Facsimile: (08) 9481 3095 Email: cbelyea@claytonutz.com).

The Second Court Hearing is expected to be held on 26 September 2023 at the Federal Court of Australia.

NO INTERNET SITE IS PART OF THIS SCHEME BOOKLET

DDH1 and Perenti each maintain an internet website. The content of those websites does not form part of this Scheme Booklet. Any reference in this Scheme Booklet to a website is a textual reference for information only and no information in any website forms part of this Scheme Booklet.

FOREIGN JURISDICTIONS

The release, publication or distribution of this Scheme Booklet outside of Australia may be restricted by law or regulation and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws or regulations. DDH1 and its Related Bodies Corporate and their directors, officers, employees and advisers each disclaim all liabilities to such persons.

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of jurisdictions other than Australia.

DDH1 Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside of Australia.

IMPORTANT NOTICES CONTINUED

SCHEME MEETING

DDH1 Shareholders and their proxies, attorneys or corporate representatives will have the choice to attend the Scheme Meeting in person or participate in the Scheme Meeting through an online platform at https://meetnow.global/MXAKMFZ. The online platform enables participants to listen to the Scheme Meeting live, view slides, vote on the Scheme Resolution in real time and ask questions verbally or via a live text facility.

Further details with respect to the conduct of the Scheme Meeting, including how to join the electronic Scheme Meeting, raise questions during the Scheme Meeting and vote on the Scheme Resolution are set out in the Notice of Scheme Meeting.

DDH1 strongly encourages shareholders to lodge a directed proxy in the event they are not able to attend the Scheme Meeting in person or participate in the electronic Scheme Meeting.

SUPPLEMENTARY SCHEME BOOKLET

As DDH1's and Perenti's financial statements for the full year ended 30 June 2023 will not be available until after the date of this Scheme Booklet, DDH1 intends to seek Court approval for the release of a supplementary Scheme Booklet disclosing the updated financial statements and any related implications for DDH1 Shareholders. This will include the effect of any DDH1 Actual Dividend or Perenti Actual Dividend on the calculation of the Scheme Consideration. This supplementary disclosure will include any changes to the recommendation of the DDH1 Board on the Scheme as well as any changes to the opinion of the Independent Expert.

QUESTIONS AND OTHER SUPPLEMENTARY INFORMATION

If you have any questions about this Scheme Booklet or the Scheme you should contact the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays).

DDH1 Shareholders should seek independent financial, legal and taxation advice before making any decision regarding the Scheme.

In certain circumstances, DDH1 may provide additional disclosure to DDH1 Shareholders in relation to the Scheme after the date of this Scheme Booklet. To the extent applicable, DDH1 Shareholders should have regard to any such supplemental information in determining how to vote in relation to the Scheme.

IMPORTANT DATES AND EXPECTED TIMETABLE FOR THE SCHEME

EVENT	TIME AND DATE
FIRST COURT HEARING The date on which the Court made orders convening the Scheme Meeting	16 August 2023
DESPATCH OF SCHEME BOOKLET Despatch of Scheme Booklet and Notice of Scheme Meeting to DDH1 Shareholders	By 18 August 2023
ANNOUNCEMENT OF CONSIDERATION VWAP Announcement to ASX of the Consideration VWAP	After close-of-trade on 8 September 2023
ELECTION DATE Last time and date by which completed Consideration Election Forms and UMP Election Forms must be received by the Share Registry	5.00pm (AWST) on 12 September 2023
ANNOUNCEMENT OF SCALEBACK ARRANGEMENTS Announcement to ASX of indicative calculations as to the operation of the Scaleback Arrangements, based on the Elections received on or before the Election Date	13 September 2023
PROXY FORMS Latest time and date by which completed Proxy Forms for the Scheme Meeting must be received	1.00pm (AWST) on 16 September 2023
VOTING ELIGIBILITY Time and date for determining eligibility of registered DDH1 Shareholders to vote at the Scheme Meeting	1.00pm (AWST) on 16 September 2023
SCHEME MEETING TO VOTE ON THE SCHEME	1.00pm (AWST) on 18 September 2023
If the Scheme is approved by the Requisite Majorities, the expected timetable for implementation of the Scheme is:	
SECOND COURT HEARING For approval of the Scheme	26 September 2023
EFFECTIVE DATE Date on which the Scheme comes into effect and is binding Court order lodged with ASIC and announcement to the ASX Last day of trading in DDH1 Shares on the ASX (with DDH1 Shares suspended from close of trading)	27 September 2023
RECORD DATE Time and date for determining entitlements to Scheme Consideration	5.00pm (AWST) on 29 September 2023
IMPLEMENTATION DATE The date on which the Scheme will be implemented Payment of Scheme Consideration to be made to Scheme Shareholders	6 October 2023

All dates and times are references to the date and/or time in Perth, Western Australia, Australia, unless otherwise stated. This timetable is indicative only and all dates after the Scheme Meeting are subject to the Court approval process and the satisfaction or, where applicable, waiver of the Conditions. The Conditions are summarised in Section 8.2 and set out in full in clause 3.1 of the Scheme Implementation Agreement, a copy of which is available for download from http://www.investorvote.com.au (Control Number: 182792) and clause 2.1 of the Scheme in Annexure A.

DDH1 has the right to vary the timetable set out above subject to all necessary approvals. Any variation to the timetable set out above will be announced on DDH1's website and on the ASX.

LETTER FROM THE CHAIRPERSON OF DDH1

Diane Smith-Gander AO

Chairperson and Independent Non-Executive Director
DDH1 Limited

16 August 2023

Dear DDH1 Shareholder,

On behalf of the Board of DDH1 Limited (**DDH1**), I am pleased to provide you with this Scheme Booklet, which contains important information for you to consider about the proposed merger of DDH1 and Perenti Limited (**Perenti**).

The merger will see DDH1 combine with Perenti to create the ASX's leading contract mining services group, offering enhanced scale and a greater breadth and depth of capabilities across drilling services, contract mining, technology solutions and other mining services across the globe.

DDH1's leading brands, including DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick Mining Services, will retain their identities within the newly formed Perenti-owned Drilling Services Division, alongside Perenti's existing Ausdrill business, an Australian drilling industry pioneer and leader.

Additionally, DDH1 Shareholders will gain exposure to one of the world's largest and most successful hard-rock underground mining contractors in Barminco, a unique technology platform in idoba, as well as a Mining Services Division providing specialised value-add services to clients across the globe.

Pleasingly, the Combined Group is strategically positioned for long term trends across decarbonisation, increased demand for critical minerals, and more technical mining requirements as grades decline and deposits increase in depth and geological complexity. The Combined Group will benefit from sharing expertise, equipment, and technology, positioning it well to tackle more technical challenges.

Together, the Combined Group has a pro-forma revenue of over $3.4 billion and a pro-forma market capitalisation of over $1.2 billion. This larger Combined Group is expected to benefit DDH1 Shareholders from increased investor relevance, market focus, liquidity, broadening of the investor base and diversification by geography, customer, commodity, and service offering.

Furthermore, the transaction is expected to be highly synergistic and accretive, resulting in substantial value creation, which DDH1 Shareholders will have the opportunity to benefit from via meaningful ongoing ownership of approximately 29.6% in the Combined Group.[1]

BACKGROUND

On 26 June 2023, DDH1 announced that it had entered into the Scheme Implementation Agreement with Perenti, under which Perenti agreed to acquire 100% of the issued share capital of DDH1 by way of a Scheme of Arrangement (the **Scheme**).

Before entering into the Scheme Implementation Agreement with Perenti, the DDH1 Board formed an Independent Board Committee, comprising all of DDH1's Independent Directors,[2] to consider whether a combination was in the Company's and DDH1 Shareholders' best interests.

1 Refer to Section 6.5 regarding the assumptions and qualifications that apply to this calculation.

2 DDH1's Independent Board Committee is comprised of DDH1's three Independent Directors, being Ms Diane Smith-Gander, Ms Andrea Sutton, and Mr Alan Broome, together with the Managing Director & CEO, Mr Sy van Dyk.

Concurrently, the DDH1 Board and the Independent Board Committee, in consultation with DDH1 management and with the assistance of financial and legal advisors, considered and evaluated a number of alternative strategies to maximise shareholder value, including organic growth strategies, capital management tools and M&A opportunities. The Scheme was determined by the Independent Board Committee and the DDH1 Board to be the best pathway forward on the basis of it delivering the highest and most certain value to DDH1 Shareholders.

The implementation of the Scheme is subject to typical conditions, including DDH1 Shareholder and Court approvals, the Independent Expert's Report concluding that the Scheme is in the best interests of DDH1 shareholders (and the Independent Expert not changing or publicly withdrawing that conclusion), and there being no material adverse change or prescribed occurrence.

OVERVIEW OF THE SCHEME CONSIDERATION

If the Scheme is approved and implemented, DDH1 Shareholders will receive $0.1238 cash plus 0.7111 Perenti Shares for each DDH1 Share held at the Record Date, unless an election is made. The consideration received by DDH1 Shareholders is subject to further adjustment as set out in this Scheme Booklet. Perenti will pay a total cash pool of just over $50 million as part of the Scheme.

The Scheme election mechanism seeks to maximise Scheme Shareholders' preferred form of Scheme Consideration, being scrip or cash, to the extent possible within the total cash pool of just over $50 million. If DDH1 Shareholders elect, in the aggregate, to receive more cash than is available in the cash pool, then cash elections will be scaled back. If DDH1 Shareholders elect, in the aggregate, to receive less than is available in the cash pool, then the scrip elections will be scaled back. The Scheme delivers significant value to DDH1 Shareholders and allows individual DDH1 Shareholders the flexibility to elect a form of Scheme Consideration that best fulfils their investment objectives.

Based on the 5-day volume-weighted average price of Perenti and DDH1 shares as of 23 June 2023 (being the last trading day before the announcement of the Scheme), the Scheme Consideration implies an offer value of approximately $1.01 per DDH1 Share, representing a premium of 17.4% and valuing DDH1's business at an equity value of approximately $410 million.

DDH1 DIRECTORS' RECOMMENDATION AND VOTING INTENTION

After carefully considering the expected advantages and potential disadvantages of the Scheme, the DDH1 Directors and the Independent Board Committee unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.[3] The Independent Board Committee was set up to consider the Scheme independent of those DDH1 Directors who control significant numbers of DDH1 shares.

In forming the view that the Scheme is in the best interests of DDH1 Shareholders, and in determining to unanimously recommend the Scheme to DDH1 Shareholders, your DDH1 Directors have considered a range of factors.

3 You should note when considering this recommendation that Mr Sy Van Dyk, Managing Director and CEO of DDH1, will be receiving a benefit if the Scheme proceeds (see Section 11.5). As at the Last Practicable Date, Mr Van Dyk holds 758,202 DDH1 Performance Rights that will, in accordance with the Scheme, vest on or before the Record Date, resulting in the issue of 758,202 DDH1 Shares to Mr Van Dyk (see Sections 1.12, 4.5 and 11.1 for further information). As at the Last Practicable Date, Mr Van Dyk also holds 4,625,000 DDH1 Loan Shares with an outstanding loan balance of $1,684,954 (see Sections 4.6 and 11.1 for further information). In respect of these DDH1 Loan Shares, if the Scheme is implemented, rather than the Scheme triggering repayment of the loan within 3 business days of implementation, it is proposed that Perenti will enter into a DDH1 Loan Share Deed with Mr Van Dyk on substantially the same terms as the existing loan agreement terms (see Section 4.6 for further information). In addition, if the Scheme is implemented, it is proposed that Mr Van Dyk and a Perenti Group member enter into an executive services agreement for total remuneration consistent with his existing arrangements with the DDH1 Group (see Section 11.5 for further information). Despite this interest in the outcome of the Scheme, Mr Van Dyk considers that, given the importance of the Scheme, and his role as CEO of DDH1, it is important and appropriate for him to provide a recommendation to DDH1 Shareholders in relation to voting on the Scheme. Additionally, the DDH1 Board (excluding Mr Van Dyk) also considers that it is appropriate for Mr Van Dyk to make a recommendation on the Scheme given his role in the management and operations of DDH1. You should further note when considering this recommendation that, if the Scheme is implemented, Ms Diane Smith-Gander, Chairperson and Independent Non-Executive Director of DDH1, and Ms Andrea Sutton, Independent Non-Executive Director of DDH1, will be appointed as Non-Executive Directors of Perenti on terms consistent with Perenti's existing remuneration policy (see Sections 6.3(d) and 11.5). You should also note when considering this recommendation that Mr Murray Pollock, Non-Executive Director of DDH1, has a Relevant Interest in the DDH1 Shares held by substantial shareholder, Western Alloys Pty Ltd as trustee for the Westall Investment Trust (see Sections 4.5 and 11.5 for further information).

LETTER FROM THE CHAIRPERSON OF DDH1 CONTINUED

In deciding how to vote at the Scheme Meeting, DDH1 Shareholders should consider the reasons why they may consider voting for or against the Scheme. Reasons why a DDH1 Shareholder may consider voting in favour of the Scheme are set out above and detailed on pages 10 to 14. Reasons why a DDH1 Shareholder may consider voting against the Scheme are set out on pages 15 to 16, and may include reasons such as disagreeing with the unanimous recommendation of the DDH1 Directors, the Independent Expert's conclusion, or both, the variable value of the Scheme Consideration, the dilution of exposure to DDH1's operations in the Combined Group, or considering that there is the potential for a Superior Proposal to emerge after the date of this Scheme Booklet (noting that no Superior Proposal has been received as at the date of this Scheme Booklet).

DDH1 Shareholders should also consider the risk factors relating to the Scheme, which are disclosed in Section 7.

The DDH1 Directors unanimously believe that the advantages of the Scheme proceeding for DDH1 Shareholders outweigh the disadvantages and risks. As such, each DDH1 Director intends all DDH1 Shares in which they have a Relevant Interest to be voted in favour of the Scheme Resolution, subject to those same qualifications. Collectively, the DDH1 Directors control 13.1% of DDH1 Shares. Details of the interests of each DDH1 Director in DDH1 Shares and DDH1 Performance Rights are set out in Section 11.

INDEPENDENT EXPERT

The DDH1 Board appointed BDO as the Independent Expert to provide an opinion as to whether the Scheme is fair and reasonable, and in the best interests of DDH1 Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of DDH1 Shareholders in the absence of a Superior Proposal. The Independent Expert has assessed the value of a DDH1 Share to lie in the range of $0.97 to $1.26. The Independent Expert has assessed the implied value of the Standard Consideration to be in the range of $0.95 to $1.31 per DDH1 Share, which overlaps with the Independent Expert's assessed value range. Note this assessment has been calculated without taking into account any DDH1 Actual Dividend or Perenti Actual Dividend, which (if paid) would affect the value of the Scheme Consideration received by DDH1 Shareholders. If either DDH1 or Perenti declares a dividend, the Independent Expert will assess whether the dividends paid (if any) will have a material effect on the information contained in its Independent Expert Report, and if so, it will provide a supplementary report disclosing the impact on the information contained in its Independent Expert Report.

A full copy of the Independent Expert's Report is included in Annexure B. I encourage you to read the Independent Expert's Report in its entirety.

VOTING INTENTION STATEMENTS

DDH1 has received positive voting intention statements from DDH1 Shareholders collectively representing 24.9% of DDH1 Shares on issue, being:

- Oaktree (and Associates) — 80,753,063 DDH1 Shares (20.13%);
- Matthew Izett (and Associates) — 8,802,011 DDH1 Shares (2.19%);
- Richard Bennett (and Associates) — 9,824,563 DDH1 Shares (2.45%); and
- Kent Swick (and Associates) — 496,102 DDH1 Shares (0.12%).

The voting intention statements are subject to no Superior Proposal emerging and an Independent Expert concluding the Scheme is in the best interests of Scheme Shareholders.

SCHEME MEETING

The Scheme can only be implemented if, in addition to the satisfaction or waiver of all other Conditions, it is approved by:

- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by eligible DDH1 Shareholders present and voting at the Scheme Meeting; and
- unless the Court orders otherwise, a majority in number (more than 50%) of eligible DDH1 Shareholders present and voting at the Scheme Meeting.

This means that your vote is important irrespective of the voting intention statements received.

I encourage you to vote by attending the Scheme Meeting to be held at 1.00pm (AWST) on 18 September 2023 in person or via the online platform. If you cannot attend, please appoint a proxy ahead of the Scheme Meeting.

DDH1 Shareholders who have elected to receive communications electronically will receive an email with a link to download the Scheme Booklet and lodge their proxy vote online. DDH1 Shareholders who have not made such an election will be mailed a letter that contains these instructions and hard copy Proxy Forms for the Scheme Meeting. The Scheme Booklet will also be available for download from www.investorvote.com.au (Control Number: 182792) and on DDH1's announcement platform at www.asx.com.au.

FURTHER INFORMATION

This Scheme Booklet sets out important information relating to the Scheme and the reasons why the DDH1 Directors and the Independent Board Committee have recommended that DDH1 Shareholders vote in favour of the Scheme Resolution, the Independent Expert's Report, and the Investigating Accountant's Report. It also sets out some of the reasons why DDH1 Shareholders may wish to vote against the Scheme Resolution.

Please read this document carefully and in its entirety. It will assist you in making an informed decision on how to vote. DDH1 Shareholders should seek independent financial, legal and taxation advice before making any decision regarding the Scheme.

If you have any questions about this Scheme Booklet or the Scheme, you should contact the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays).

The DDH1 Board thanks you for your ongoing support of DDH1. I look forward to your participation at the Scheme Meeting.

Yours sincerely,

Diane Smith-Gander AO
Chairperson and Independent Non-Executive Director
DDH1 Limited

LETTER FROM THE CHAIR OF PERENTI

Rob Cole
Chair
Perenti Limited

16 August 2023

Dear DDH1 Shareholder,

The Board and management of Perenti are pleased to provide you with this opportunity to participate in the combination of Perenti and DDH1 to create the leading ASX listed contract mining services company.

This is a compelling transaction that represents an exciting next step in the journey of both companies.

Perenti is already a leading global mining contractor, with over 9,000 employees and ~$2.9bn of revenue. As well as a large scale position in surface mining, we have market leading capabilities in underground mining, which strategically positions our business for long-term trends in the mining industry including deeper deposits and increasing geological complexity.

Perenti also has a rich history in drilling from its Ausdrill heritage and Barminco Diamond Drilling business. We have long recognised DDH1 as a highly respected tier 1 global operator, with significant capabilities across a complete range of specialised surface and underground drilling services, in particular deep and directional drilling. We see these as highly complementary to our existing clients and service offering, giving the combined business differentiated capabilities across the mining cycle.

In addition to the powerful strategic rationale, the Transaction is also financially compelling to both sets of shareholders.

In particular, as described in further detail in this Scheme Booklet, the Transaction is expected to deliver meaningful P&L synergies of $22 million on a post-tax basis, driving double digit accretion, as well as additional cash tax benefits. DDH1 Shareholders will have the opportunity to benefit from this substantial additional value creation via a meaningful ongoing ownership of approximately 29.6% in the Combined Group.[4]

We look forward to welcoming the DDH1 team to Perenti and to working together to deliver on this significant value upside once the Scheme is implemented. Sy Van Dyk and the DDH1 management team are highly experienced executives leading a globally respected operator, and this team will continue to work together as part of our newly established Drilling Services Division, which Sy will lead. We also look forward to working with our new colleagues Diane Smith-Gander AO and Andrea Sutton, who will bring significant skills and experience to the Perenti Board.

As a DDH1 Shareholder, your vote is important to ensure that the Scheme is implemented and the benefits of the Scheme can be realised by all Shareholders.

This Scheme Booklet provides important information in relation to the Transaction, and on behalf of the Perenti Board, I encourage you to read it carefully and to vote in favour of the Scheme at the Scheme Meeting to be held on 18 September 2023.

I look forward to welcoming you as a shareholder of the Combined Group following the successful implementation of the Scheme.

Yours sincerely

Rob Cole
Chair
Perenti Limited

4 Refer to Section 6.5 regarding the assumptions and qualifications that apply to this calculation.

WHAT YOU SHOULD DO

STEP 1: READ THIS SCHEME BOOKLET

You should read this Scheme Booklet carefully in its entirety, including the reasons to vote in favour of or against the Scheme Resolution, before making any decision on how to vote on the Scheme Resolution.

Answers to various frequently asked questions about the Scheme are set out in Section 2.

DDH1 Shareholders should seek independent financial, legal and taxation advice before making any decision regarding the Scheme.

If you have any additional questions about this Scheme Booklet or the Scheme please consult your financial, legal or other professional adviser or contact the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays).

STEP 2: VOTE ON THE SCHEME RESOLUTION AT THE SCHEME MEETING

Vote on the Scheme Resolution at the Scheme Meeting by doing one of the following:

- **Vote in person** — a DDH1 Shareholder can vote in person by attending the Scheme Meeting at the Parmelia Hilton Perth, Stirling Room, 14 Mill Street, Perth WA 6000, on 18 September 2023 at 1.00pm (AWST).
- **Vote electronically** — a DDH1 Shareholder can vote electronically by participating in the Scheme Meeting online at https://meetnow.global/MXAKMFZ on 18 September 2023 at 1.00pm (AWST).
- **Vote by proxy** — a DDH1 Shareholder can vote by proxy by completing and returning the Proxy Form in accordance with the instructions set out on the Proxy Form so that it is received by the Share Registry by no later than 1.00pm (AWST) on 16 September 2023.
- **Vote by corporate representative** — a DDH1 Shareholder or proxy who is a body corporate may vote at the Scheme Meeting by having their corporate representative attend the Scheme Meeting in person, or participate in the Scheme Meeting electronically, and vote on their behalf. The appointment must comply with the requirements of section 250D of the Corporations Act. If a representative of a DDH1 Shareholder or proxy, which is a body corporate is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative" to the Share Registry or DDH1. A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms". DDH1 Shareholders who wish to appoint a corporate representative for the Scheme Meeting should, if they have not already presented an appropriate appointment, deliver to the Share Registry or DDH1 an original or certified copy of the appointment by no later than 1.00pm (AWST) on 16 September 2023. An original or certified copy of the appointment can also be provided at the Scheme Meeting.

- **Vote by attorney** — a DDH1 Shareholder may vote at the Scheme Meeting by having their fully authorised attorney attend the Scheme Meeting in person, or participate in the Scheme Meeting electronically, and vote on their behalf. A DDH1 Shareholder wishing to vote by attorney at the Scheme Meeting must, if they have not already presented an appropriate power of attorney to DDH1, deliver to the Share Registry the original instrument appointing the attorney or a certified copy of it with their Proxy Form by 1.00pm (AWST) on 16 September 2023.

In order for the Scheme to be approved by the Requisite Majorities of DDH1 Shareholders, votes in favour of the Scheme Resolution must be received from:

- unless the Court orders otherwise, a majority in number (more than 50%) of DDH1 Shareholders present and voting at the Scheme Meeting (either in person, by proxy or attorney or in the case of corporate DDH1 Shareholders, by a duly appointed corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution by DDH1 Shareholders at the Scheme Meeting.

If the Scheme is not approved by the Requisite Majorities of DDH1 Shareholders at the Scheme Meeting, the Scheme will not be implemented.

Please refer to Section 3 for further information on how to vote at the Scheme Meeting.

STEP 3: PARTICIPATE IN THE SCHEME

If you are eligible and wish to participate in the Scheme, you will need to ensure that you do not sell your DDH1 Shares prior to the Record Date, which is currently expected to be 5.00pm (AWST) on 29 September 2023. Otherwise, and assuming the Scheme is approved and all other Conditions are satisfied or waived (as applicable), you do not need to do anything to participate in the Scheme.

FURTHER INFORMATION

Further information relating to the Scheme Resolution is contained in the Notice of Scheme Meeting (which is set out in Annexure D).

DDH1 Shareholders who have any questions or require further information about this Scheme Booklet or the Scheme should contact the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays).

DDH1 Shareholders should seek independent financial, legal and taxation advice before making any decision regarding the Scheme.

SUMMARY OF CONSIDERATIONS RELEVANT TO YOUR VOTE

REASONS TO VOTE IN FAVOUR OF THE SCHEME

The DDH1 Directors and the Independent Board Committee have assessed the merits of the Scheme and unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of DDH1 Shareholders in the absence of a Superior Proposal

The Combined Group creates a leading global mining services player, with deep capabilities across drilling services, contract mining and mining services with a technology driven service offering

The Combined Group is strategically positioned for long term trends across decarbonisation, increased demand for critical minerals and more technical mining requirements as grades decline and deposits increase in depth and geological complexity

The Scheme Consideration represents an attractive premium to Scheme Shareholders, plus meaningful ownership in the Combined Group

The cash component of the Scheme Consideration delivers certainty and immediate value

Ongoing ownership in the Combined Group will allow for participation in value created through the transaction synergies

The Scheme provides upfront liquidity and ownership in a larger more frequently traded stock, with the potential to be included in the ASX200 in the near term, and also reduces the impact of a high concentration of major DDH1 Shareholders on the DDH1 Register

If the Scheme is not implemented, and no Superior Proposal emerges, the trading price of DDH1 Shares may fall from current levels (as the Scheme Consideration implied a premium to the prevailing DDH1 Share price)

If the Scheme does not proceed, Scheme Shareholders will continue to be exposed to risks associated with DDH1's business as well as other potentially adverse consequences

Since the announcement of the Scheme, no Superior Proposal has emerged

No brokerage or stamp duty will be payable by you for the transfer of your Scheme Shares under the Scheme

These reasons are discussed in more detail on pages 10 to 14.

REASONS TO VOTE IN AGAINST THE SCHEME

You may disagree with the unanimous recommendation of the DDH1 Directors, the Independent Expert's conclusion, or both, and believe that the Scheme is not in your best interests

The value of the Scheme Consideration is variable, with the value of the scrip component subject to positive or negative movements based on a change in the Perenti share price

If the Scheme is implemented, Scheme Shareholders who Elect to receive the Maximum Cash Consideration (and are not scaled back) will not have ownership in the Combined Group and will forego the opportunity to receive continued benefits from ongoing growth initiatives

If the Scheme proceeds, the exposure of Scheme Shareholders to DDH1's operations is diluted in the Combined Group

You may find it difficult to identify or invest in an alternative business with similar characteristics to that of DDH1

You may consider that there is the potential for a Superior Proposal to emerge after the date of this Scheme Booklet (noting that no Superior Proposal has been received as at the date of this Scheme Booklet)

The taxation implications of the Scheme may not be suitable to your financial circumstances or position

These reasons are discussed in more detail on pages 15 to 16.

REASONS TO VOTE IN FAVOUR OF THE SCHEME

The DDH1 Directors consider that there are a number of advantages for DDH1 Shareholders if the Scheme is implemented, which are outlined below.

In addition, the Scheme has certain disadvantages and risks which may affect DDH1 Shareholders in different ways depending on their individual circumstances. DDH1 Shareholders should seek independent financial, legal and taxation advice before making any decision regarding the Scheme.

(a) The DDH1 Directors and the Independent Board Committee have assessed the merits of the Scheme and unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders[5]

In reaching their recommendation, the DDH1 Directors and the Independent Board Committee have considered the advantages and disadvantages of the Scheme, including the information contained in:

- this "Reasons to vote in favour of the Scheme" Section;
- the "Reasons to vote against the Scheme" Section;
- Section 7 (Risk) and Section 10 (Australian tax implications of the Scheme); and
- Annexure B (Independent Expert's Report).

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders, each of the DDH1 Directors intends to cause all the DDH1 Shares in which he or she has a Relevant Interest to be voted in favour of the Scheme Resolution. Collectively, the DDH1 Directors control 13.1% of DDH1 Shares.

DDH1 has separately received voting intention statements from DDH1 Shareholders (being entities associated with Oaktree, Matthew Izett, Richard Bennett and Kent Swick), collectively representing an additional 24.9% of DDH1 Shares on issue. The voting intention statements are subject to no Superior Proposal emerging and an Independent Expert concluding the Scheme is in the best interests of Scheme Shareholders.

Details of the interests of the DDH1 Directors are contained in Section 11.

(b) The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of DDH1 Shareholders in the absence of a Superior Proposal

DDH1 appointed BDO as the Independent Expert to provide an opinion as to whether the Scheme is in the best interests of DDH1 Shareholders and to prepare the Independent Expert's Report.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of DDH1 Shareholders in the absence of a Superior Proposal. The Independent Expert has assessed the value of a DDH1 Share to lie in the range of $0.97 to $1.26. The Independent Expert has assessed the implied value of the Standard Consideration to be in the range of $0.95 to $1.31 per DDH1 Share, which overlaps with the Independent Expert's assessed value range. Note this assessment has been calculated on the basis that neither Perenti nor DDH1 declares a dividend prior to the date of the Scheme Meeting. If either DDH1 or Perenti declares a dividend, the Independent Expert will assess whether the dividends paid (if any) will have a material effect on the information contained in its Independent Expert Report, and if so, it will provide a supplementary report disclosing the impact on the information contained in its Independent Expert Report.

A full copy of the Independent Expert's Report is included as Annexure B. The DDH1 Directors encourage you to read the Independent Expert's Report in its entirety before making a decision as to whether or not to vote in favour of the Scheme Resolution.

(c) The Combined Group creates a leading global mining services player, with deep capabilities across drilling services, contract mining and mining services with a technology driven service offering

The Transaction will see DDH1 combine with Perenti to create the ASX's leading contract mining services group, offering DDH1 Shareholders enhanced scale and a greater breadth and depth of capabilities across drilling services, contract mining and mining services with a technology driven service offering.

5 You should note when considering this recommendation that Mr Sy Van Dyk, Managing Director and CEO of DDH1, will be receiving a benefit if the Scheme proceeds (see Section 11.5). As at the Last Practicable Date, Mr Van Dyk holds 758,202 DDH1 Performance Rights that will, in accordance with the Scheme, vest on or before the Record Date, resulting in the issue of 758,202 DDH1 Shares to Mr Van Dyk (see Sections 1.12, 4.5 and 11.1 for further information). As at the Last Practicable Date, Mr Van Dyk also holds 4,625,000 DDH1 Loan Shares with an outstanding loan balance of $1,684,954 (see Sections 4.6 and 11.1 for further information). In respect of these DDH1 Loan Shares, if the Scheme is implemented, rather than the Scheme triggering repayment of the loan within 3 business days of implementation, it is proposed that Perenti will enter into a DDH1 Loan Share Deed with Mr Van Dyk on substantially the same terms as the existing loan agreement terms (see Section 4.6 for further information). In addition, if the Scheme is implemented, it is proposed that Mr Van Dyk and a Perenti Group member enter into an executive services agreement for total remuneration consistent with his existing arrangements with the DDH1 Group (see Section 11.5 for further information). Despite this interest in the outcome of the Scheme, Mr Van Dyk considers that, given the importance of the Scheme, and his role as CEO of DDH1, it is important and appropriate for him to provide a recommendation to DDH1 Shareholders in relation to voting on the Scheme. Additionally, the DDH1 Board (excluding Mr Van Dyk) also considers that it is appropriate for Mr Van Dyk to make a recommendation on the Scheme given his role in the management and operations of DDH1. You should further note when considering this recommendation that, if the Scheme is implemented, Ms Diane Smith-Gander, Chairperson and Independent Non-Executive Director of DDH1, and Ms Andrea Sutton, Independent Non-Executive Director of DDH1, will be appointed as Non-Executive Directors of Perenti on terms consistent with Perenti's existing remuneration policy (see Sections 6.3(d) and 11.5). You should also note when considering this recommendation that Mr Murray Pollock, Non-Executive Director of DDH1, has a Relevant Interest in the DDH1 Shares held by substantial shareholder, Western Alloys Pty Ltd as trustee for the Westall Investment Trust (see Sections 4.5 and 11.5 for further information).

Perenti has a long history and understanding of the drilling market from its Ausdrill heritage and Barminco Diamond Drilling business. DDH1's leading drilling services brands, including DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick Mining Services will retain their identities within the newly formed Perenti-owned Drilling Services Division, alongside Perenti's existing Ausdrill business, an Australian drilling industry pioneer and leader.

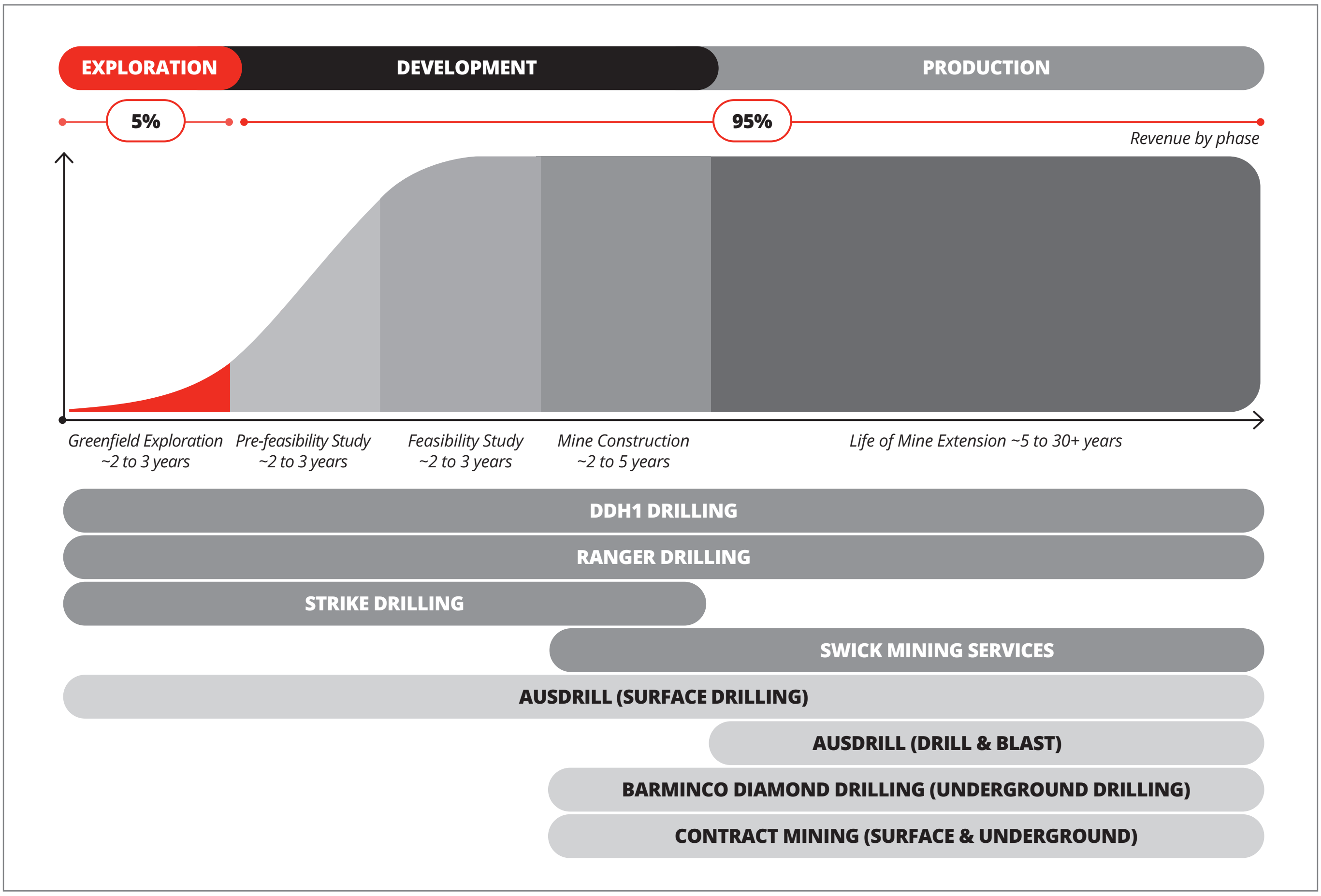
Additionally, DDH1 Shareholders will gain exposure to one of the world's largest and most successful hard-rock underground mining contractors, Barminco, with specialist technical capabilities in high-speed underground development, along with exposure to Perenti's other leading contract mining brands African Underground Mining Services and AMS.

Furthermore, Perenti's Mining Services Division, comprising a portfolio of specialised (less capital intensive) businesses predominately working with clients across the mining sector to deliver value-add services that meet current and emerging needs, is highly complementary to DDH1's existing client base.

As part of the combination, DDH1's brands will be able to leverage Perenti's technology informed services and products platform, idoba, which provides unique digital, technology and consulting services designed to rethink, transform and disrupt the mining industry.

Together, the Combined Group, among other things, will:

- represent the only global mining contractor with large scale capability in both surface and underground mining;
- have a unique and globally competitive service offering to customers;
- have a combined fleet size of over 290 rigs (as at 30 June 2023);
- have 65% of revenue from underground mining (based on 1H23 revenue);
- exhibit competitive advantage due to technical expertise in complex work;
- have complementary geographic footprints, enabling an expanded presence and enhanced service offering to meet the evolving needs of clients;
- allow Scheme Shareholders to gain exposure to a larger and more diversified company with a strong balance sheet and a significant growth profile;
- deliver significant synergies resulting in substantial value creation for both sets of shareholders due to the scrip consideration component of the Scheme Consideration; and
- enhance the value proposition for clients of both businesses, by delivering a more comprehensive product offering and capability across the exploration, development and production phases of the mining value chain, where production and development drilling represent ~95% of the combined portfolio (see the below diagram).



REASONS TO VOTE IN FAVOUR OF THE SCHEME CONTINUED

(d) The Combined Group is strategically positioned for long term trends across decarbonisation, increased demand for critical minerals and more technical mining requirements as grades decline and deposits increase in depth and geological complexity

Decarbonisation and the energy transition are commodity intensive and will be a multi-decade process. The Combined Group is well positioned to benefit from this trend as commodity supply deficits drive new and existing mine development. DDH1 has an increasing exposure to projects for copper, nickel and lithium, all of which are expected to experience substantially increased activity over the coming decades.

The drilling industry is highly fragmented in Australia. Increased metres being drilled, and deposits being found deeper, will allow specialised players like DDH1 and Ausdrill to continue to have work in the future. The Combined Group will benefit from a sharing of expertise, equipment and technology, positioning it well to tackle more technical challenges.

(e) The Scheme Consideration represents an attractive premium to Scheme Shareholders, plus meaningful ownership in the Combined Group

Under the terms of the Scheme, Scheme Shareholders will receive the Standard Consideration of $0.1238 cash plus 0.7111 Perenti Shares for each DDH1 Share held at the Record Date (unless a different Consideration Election is made), or, if DDH1 or Perenti declares or pays a FY23 final dividend, an adjusted number of New Perenti Shares as set out in Section 1.6.

Based on the 5-day volume-weighted average price of Perenti and DDH1 shares as of 23 June 2023 (being the last trading day prior to the announcement of the Scheme), the Scheme Consideration implies an offer value of approximately $1.01 per DDH1 Share, valuing DDH1's business at an equity value of approximately $410 million and representing a premium of:

- 17.4% to DDH1's 5-day VWAP of $0.864 up to and including 23 June 2023;
- 22.1% to DDH1's 1-month VWAP of $0.831 up to and including 23 June 2023; and
- 20.5% to DDH1's 3-month VWAP of $0.842 up to and including 23 June 2023.

The Scheme Consideration represents an attractive premium to Scheme Shareholders, particularly given the ability to participate in the future value creation of the Combined Group via scrip consideration. The Transaction provides Scheme Shareholders with meaningful ongoing ownership of approximately 29.6% in the Combined Group.[6]

Scheme Shareholders should note that Perenti's share price may rise or fall before the Implementation Date, which will impact the implied offer value and actual premium of the Scheme Consideration.

(f) The cash component of the Scheme Consideration delivers certainty and immediate value

Under the terms of the Scheme, Scheme Shareholders will be offered an ability to Elect a Maximum Scrip Consideration or Maximum Cash Consideration alternative to the Standard Consideration, subject to Scaleback Arrangements based on a total cash pool of just over $50 million (equivalent to $0.1238 per share based on 404.0 million DDH1 Shares on Issue).

This election mechanism provides individual Scheme Shareholders with the flexibility to Elect a form of Scheme Consideration which best fulfils their investment objectives, and seeks to maximise their preferred form of Scheme Consideration, being scrip or cash, to the extent possible within the total cash pool of just over $50 million.

For example, if there are Scheme Shareholders that Elect to maximise their scrip consideration, there will be additional capacity to satisfy other Scheme Shareholders that Elect to maximise their cash consideration, resulting in them receiving a higher proportion of their aggregate Scheme Consideration in the form of cash rather than scrip (compared to the Standard Consideration).

The cash component of the Scheme Consideration delivers certainty and immediate value, while the scrip component of the Scheme Consideration provides Scheme Shareholders with the ability to participate in future value creation.

(g) Ongoing ownership in the Combined Group will allow for participation in value created through the transaction synergies

The structure of the Scheme Consideration provides an opportunity for Scheme Shareholders to share in any future upside and combination benefits with Perenti. Receiving New Perenti Shares will provide Scheme Shareholders with ongoing exposure to DDH1's business as well as to the business of the Combined Group.

The Transaction is expected to secure significant P&L synergies of $22 million (FY24 impact post tax, assuming full run rate). This is comprised of annual operational and listing cost synergies of approximately $7 million (post tax) to be delivered within 2 years which relates to savings and associated listing costs, reduction in Ausdrill maintenance spend, diamond drilling rebuild savings and procurement and capital savings. The Combined Group will also benefit from approximately $15 million (post tax) of accounting tax savings from offsetting DDH1 Australian earnings against Perenti's Australian tax losses, which will be realised from Scheme implementation. Separately, there are substantial additional cash tax savings of over $20 million (FY24 impact post tax) arising from the utilisation of Perenti's existing net operating losses.

Such synergies are expected to lead to the Transaction being double digit EPS accretive effective from completion, resulting in substantial value creation for both DDH1 and Perenti Shareholders.

6 Refer to Section 6.5 regarding the assumptions and qualifications that apply to this calculation.

(h) The Scheme provides upfront liquidity and ownership in a larger more frequently traded stock, with the potential to be included in the ASX200 in the near term

The Transaction positions the Combined Group as the ASX's leading contract mining services group with over A$3.4 billion revenue and a pro-forma market capitalisation of over $1.2 billion (before any value attributed to synergy realisation or any potential re-rate) as of 23 June 2023 (being the last trading day prior to the announcement of the Scheme) and accelerates a pathway towards ASX200 inclusion.

The larger Combined Group is expected to benefit Scheme Shareholders from increased investor relevance, market focus and liquidity, and a broadening of the investor base to reduce the relative significance of key shareholders on the register.

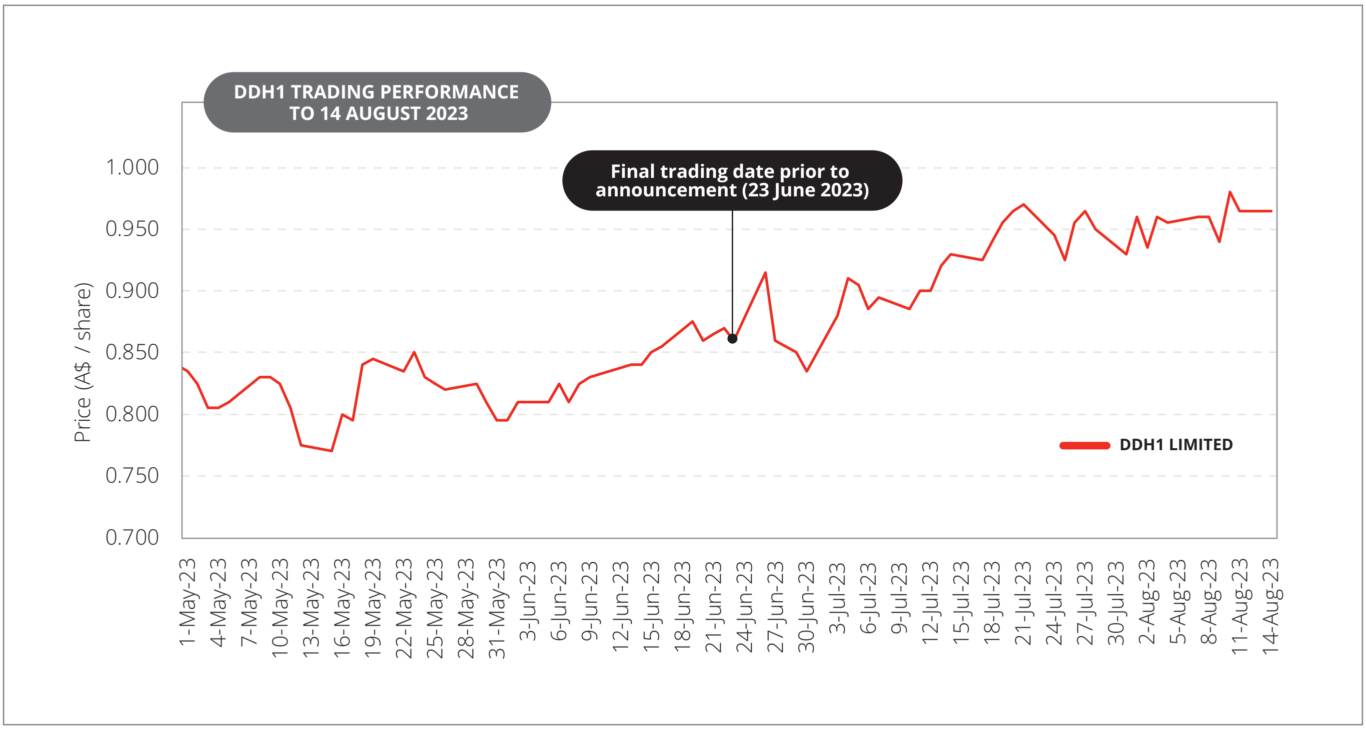
	PERENTI STANDALONE	DDH1 STANDALONE	PERENTI PRO FORMA
Fully diluted shares outstanding	719.4m	404.0m	1,006.7m
5-Day VWAP (as at 23 June 2023 being the last trading day prior to announcement)	A$1.252 / share	A$0.864 / share	
Fully Diluted Market Capitalisation	A$900.7m	A$349.0m	A$1,249.8m
Shares traded (LTM to 23 June 2023)	551.7m	281.9m	
Trading liquidity (% fully diluted shares outstanding – LTM to 23 June 2023)	80.8%	70.3%	

Note: Pro forma figures assume no dividends are declared or paid before the Implementation Date, and market capitalisation figures are based on the 5-day volume-weighted average price of Perenti and DDH1 Shares as of 23 June 2023 as noted above. For further information regarding the number of New Perenti Shares to be issued as part of the Scheme Consideration, refer to Section 5.8(c).

The Transaction will also reduce the impact of a high concentration of major DDH1 Shareholders on the DDH1 share register (and may reduce the 'overhang' on share pricing associated with having a large financial investor on the register).

(i) If the Scheme is not implemented, and no Superior Proposal emerges, the trading price of DDH1 Shares may fall from current levels

On 23 June 2023, being the last trading day prior to the announcement of entry into the Scheme Implementation Agreement, the trading price of DDH1 Shares was $0.86 per DDH1 Share. Since then, DDH1 Shares have consistently traded above that price and has increased by 12.2% to $0.965 per DDH1 Share on the Last Practicable Date.



REASONS TO VOTE IN FAVOUR OF THE SCHEME CONTINUED

If the Scheme is not implemented and in the absence of a Superior Proposal, the DDH1 Directors believe that the trading price of DDH1 Shares may fall from current levels.

(j) If the Scheme does not proceed, Scheme Shareholders will continue to be exposed to risks associated with DDH1's business as well as other potentially adverse consequences

If the Scheme does not proceed, the value that Scheme Shareholders will be able to realise from their DDH1 Shares (in terms of the price of those DDH1 Shares and any future dividends paid in respect of them) will be uncertain and subject to a number of risks outlined in Section 7 of this Scheme Booklet.

In addition to the general business risks DDH1 is exposed to, there are potentially other adverse consequences for DDH1 if the Scheme does not proceed. For example, DDH1 will have incurred both direct and indirect transaction costs and, as a result of the failed Scheme process, DDH1's relationship with its clients and key employees may be adversely impacted in a manner such as to adversely impact its financial and operating performance.

(k) Since the announcement of the Scheme, no Superior Proposal has emerged

Since the initial announcement of the Scheme on 26 June 2023 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the DDH1 Directors are not aware of any Superior Proposal that is likely to emerge.

However, there remains the possibility that a third-party may make a Superior Proposal prior to the Scheme Meeting.

The Scheme Implementation Agreement includes terms which prevent DDH1 from seeking a Competing Proposal in certain circumstances (a copy of which is available for download from http://www.investorvote.com.au (Control Number: 182792)).

The Scheme Implementation Agreement does not prevent a third-party from making a Competing Proposal and does not prevent the DDH1 Directors from responding to a bona fide Competing Proposal in certain circumstances (provided that the Competing Proposal was not solicited, invited, initiated or encouraged by DDH1 or its Representatives in contravention of clause 10.2 of the Scheme Implementation Agreement and was not otherwise brought about as a result of any breach by DDH1 of its exclusivity obligations under the Scheme Implementation Agreement).

The DDH1 Board will notify DDH1 Shareholders if a Superior Proposal is received before the Scheme Meeting.

(l) No brokerage or stamp duty will be payable by you for the transfer of your Scheme Shares under the Scheme

You will not incur any brokerage or stamp duty on the transfer of your Scheme Shares to Perenti under the Scheme.

REASONS TO VOTE AGAINST THE SCHEME

The DDH1 Directors believe that DDH1 Shareholders should take into consideration the following potential disadvantages and reasons to vote against the Scheme Resolution.

Having identified these potential disadvantages, the DDH1 Directors consider that they are outweighed by the potential advantages of the Scheme set out in the "Reasons to vote in favour of the Scheme" Section on pages 10 to 14. This assessment has led to the DDH1 Directors and the Independent Board Committee unanimously recommending that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.

(a) You may disagree with the unanimous recommendation of the DDH1 Directors, the Independent Expert's conclusion or both and believe that the Scheme is not in your best interests

Despite the unanimous recommendation of the DDH1 Directors and the Independent Board Committee, and the conclusion of the Independent Expert, you may believe that the Scheme is not in your best interests. In reaching their decision, the DDH1 Directors and the Independent Board Committee have made various judgements and assumptions based on future business conditions, circumstances and events, which cannot be predicted with certainty and which may prove to be positively or negatively inaccurate.

There is no obligation for DDH1 Shareholders to agree with the unanimous recommendation of the DDH1 Directors and the Independent Board Committee, or agree with the conclusion of the Independent Expert.

A full copy of the Independent Expert's Report is set out in Annexure B.

(b) The value of the Scheme Consideration is variable, with the value of the scrip component subject to positive or negative movements based on a change in the Perenti share price

The value of the New Perenti Shares received by Scheme Shareholders will vary over time depending on the price at which Perenti Shares trade on the ASX.

There is no certainty as to what price Perenti Shares will trade on the ASX before or after the Implementation Date, given that will be dependent on a number of factors including general market conditions, as well as the financial and operational performance of Perenti and, after implementation, the Combined Group. If the price of Perenti Shares falls, the value of the New Perenti Shares received as Scheme Consideration will decline. If the price of Perenti Shares increases, the value of the New Perenti Shares received as Scheme Consideration will increase.

(c) If the Scheme is implemented, Scheme Shareholders who Elect to receive the Maximum Cash Consideration (and are not scaled back) will not have ownership in the Combined Group and will forego the opportunity to receive continued benefits from ongoing growth initiatives

Scheme Shareholders who Elect to receive the Maximum Cash Consideration (and are not scaled back) will receive their Scheme Consideration fully in cash and will not have ownership in the Combined Group, resulting in the foregoing of the opportunity to participate in any further upside of the Group's performance.

(d) If the Scheme proceeds, the exposure of Scheme Shareholders to DDH1's operations is diluted in the Combined Group

DDH1 is a leading global drilling provider, offering a range of underground and surface drilling services including specialisation in deep and directional drilling. If the Scheme proceeds, Scheme Shareholders receiving New Perenti Shares will also have exposure to Perenti's contract mining, mining services and technology businesses, with a different risk profile to DDH1 as a standalone entity, which may be considered to be disadvantageous by DDH1 Shareholders.

Furthermore, given the Transaction provides Scheme Shareholders with a partial ownership of approximately 29.6%[7] in the Combined Group, these shareholders will no longer be able to participate directly in the full upside from future financial performance and possible growth of the DDH1 business, but rather participate partially in a diluted manner alongside Perenti shareholders.

(e) You may find it difficult to identify or invest in an alternative business with similar characteristics to that of DDH1

You may prefer to keep your DDH1 Shares to maintain your investment in a public company with DDH1's specific characteristics, including but not limited to risk, return and liquidity characteristics. You may consider that it would be difficult to identify and invest in alternative investments that have a similar profile to DDH1.

In addition, despite the risks relevant to DDH1's future operations as a stand-alone entity (including those in Section 7), you may consider that DDH1 may be able to generate greater returns for its assets as a stand-alone entity, or by exploring alternative corporate transactions in the future.

7 Refer to Section 6.5 regarding the assumptions and qualifications that apply to this calculation.

REASONS TO VOTE AGAINST THE SCHEME CONTINUED

(f) You may consider that there is the potential for a Superior Proposal to emerge (noting that no Superior Proposal has been received as at the date of this Scheme Booklet)

You may believe that there is the potential for a Superior Proposal to be made in the foreseeable future, such as a takeover bid more favourable to DDH1 Shareholders as a whole. However, as at the date of this Scheme Booklet, no Superior Proposal has emerged and the DDH1 Directors are not aware of any Superior Proposal that is likely to emerge.

If a Superior Proposal emerges, this will be announced to the ASX and the DDH1 Directors will carefully reconsider the Scheme and inform DDH1 Shareholders of their recommendation.

(g) The taxation implications of the Scheme may not be suitable to your financial circumstances or position

If the Scheme is implemented, there will be tax consequences for Scheme Shareholders, which may include tax being payable on any gain on disposal of Scheme Shares. Please refer to Section 10 for further details about the general Australian tax consequences for both Australian and foreign tax resident Scheme Shareholders. That Section is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any Scheme Shareholder.

OTHER CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME

You should also take into account the following additional considerations in deciding whether to vote in favour of, or against, the Scheme Resolution.

(a) The Scheme may be implemented even if you vote against the Scheme Resolution

The Scheme will be implemented if the Scheme is approved by the Requisite Majorities, is approved by the Court, and all other Conditions are satisfied or waived (as applicable), irrespective of whether you do not vote or you vote against the Scheme Resolution at the Scheme Meeting.

If the Scheme is implemented, all Scheme Shares you hold on the Record Date will be transferred to Perenti and you will receive the Scheme Consideration to which you are entitled under the Scheme.

(b) If the Scheme is not implemented, you will not receive the Scheme Consideration

If the Scheme is not approved or all Conditions are not satisfied or waived (as applicable), the Scheme will not be implemented. In such circumstances, you will not receive the Scheme Consideration, DDH1 will continue to operate as it does currently and DDH1 Shares will remain listed on the ASX.

If the Scheme is not implemented, the advantages of the Scheme described in the "Reasons to vote in favour of the Scheme" Section on pages 10 to 14 will not be realised.

(c) Conditionality of the Scheme

The implementation of the Scheme is subject to a number of Conditions. The Conditions are summarised in Section 8.2 and set out in full in clause 3.1 of the Scheme Implementation Agreement and clause 2.1 of the Scheme in Annexure A.

If the Conditions are not satisfied or waived (as applicable), the Scheme will not be implemented and you will not receive the Scheme Consideration to which you are entitled under the Scheme.

(d) Exclusivity and reimbursement fees

DDH1 and Perenti have entered into certain arrangements which restrict the ability of DDH1 to enter into discussions with potential rival bidders (subject to various exceptions) and require DDH1 to provide Perenti with certain notification and matching rights in respect of matching any alternative offers, if they arise. The exclusivity provisions are summarised in Section 1.15 and set out in full in clause 10 of the Scheme Implementation Agreement.

In addition, DDH1 has agreed to pay a reimbursement fee to Perenti in certain circumstances, and Perenti has agreed to pay a reimbursement fee to DDH1 in certain circumstances. The reimbursement fees are summarised in Section 1.17 and set out in full in clause 11 of the Scheme Implementation Agreement.

1. SUMMARY OF THE SCHEME

1.1 BACKGROUND

On 26 June 2023, DDH1 announced that it had entered into the Scheme Implementation Agreement with Perenti, under which Perenti agreed to acquire 100% of the issued share capital of DDH1 by way of the Scheme and DDH1 agreed to propose a scheme of arrangement to DDH1 Shareholders, being the Scheme.

Prior to entering into the Scheme Implementation Agreement with Perenti, the DDH1 Board established the Independent Board Committee, comprising all of the independent DDH1 Directors, to consider whether a combination was in the best interests of the Company.

Concurrently, the DDH1 Board and the Independent Board Committee, in consultation with DDH1 management and with the assistance of financial and legal advisors, considered and evaluated a number of alternative strategies to maximise shareholder value, including organic growth strategies, capital management tools and M&A opportunities. The Scheme was determined by the Board and the Independent Board Committee to be the best pathway forward on the basis of it delivering the highest and most certain value to DDH1 Shareholders.

A "scheme of arrangement" is a statutory procedure that can be used, among other things, as a means of implementing an acquisition of securities under the Corporations Act. To be implemented, a scheme of arrangement must be approved by 75% of the votes cast at a meeting of shareholders and by a majority in number (more than 50%) of the shareholders present and voting at that meeting (unless the Court orders otherwise), and also requires Court approval.

If the Scheme is implemented, Scheme Shareholders will receive the Scheme Consideration and DDH1 will become a wholly-owned Subsidiary of Perenti. DDH1 will apply for termination of the official quotation of DDH1 Shares on the ASX and to have itself removed from the official list of the ASX with effect from the Business Day following the Implementation Date.

If the Scheme is not approved by DDH1 Shareholders (or all Conditions are not satisfied or waived, as applicable), the Scheme will not be implemented and DDH1 will continue as a stand-alone entity listed on the ASX (please refer to Section 9).

The following includes a summary of the key terms of the Scheme (including the Deed Poll and Scheme Implementation Agreement) and is qualified in its entirety by the full text of the Scheme, Deed Poll and the Scheme Implementation Agreement. A copy of the Scheme is set out in Annexure A and copies of the Scheme Implementation Agreement and the Deed Poll are available for download from http://www.investorvote.com.au (Control Number: 182792) and were released on ASX on 26 June 2023.

1.2 DDH1 DIRECTORS' RECOMMENDATION

The DDH1 Directors and the Independent Board Committee believe that the Scheme is in the best interests of DDH1 Shareholders and unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.[8]

1.3 VOTING INTENTIONS OF THE DDH1 DIRECTORS

Each DDH1 Director intends to cause any DDH1 Shares in which he or she has a Relevant Interest to be voted in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.

Details of the interests of each DDH1 Director in DDH1 Shares are set out in Section 11.

1.4 INDEPENDENT EXPERT'S CONCLUSION

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of DDH1 Shareholders in the absence of a Superior Proposal.

The Independent Expert has assessed the value of a DDH1 Share to lie in the range of $0.97 to $1.26. The Independent Expert has assessed the implied value of the Standard Consideration to be in the range of $0.95 to $1.31 per DDH1 Share, which overlaps with the Independent Expert's assessed value range. Note this assessment has been calculated without taking into account any DDH1 Actual Dividend or Perenti Actual Dividend, which (if paid)

8 You should note when considering this recommendation that Mr Sy Van Dyk, Managing Director and CEO of DDH1, will be receiving a benefit if the Scheme proceeds (see Section 11.5). As at the Last Practicable Date, Mr Van Dyk holds 758,202 DDH1 Performance Rights that will, in accordance with the Scheme, vest on or before the Record Date, resulting in the issue of 758,202 DDH1 Shares to Mr Van Dyk (see Sections 1.12, 4.5 and 11.1 for further information). As at the Last Practicable Date, Mr Van Dyk also holds 4,625,000 DDH1 Loan Shares with an outstanding loan balance of $1,684,954 (see Sections 4.6 and 11.1 for further information). In respect of these DDH1 Loan Shares, if the Scheme is implemented, rather than the Scheme triggering repayment of the loan within 3 business days of implementation, it is proposed that Perenti will enter into a DDH1 Loan Share Deed with Mr Van Dyk on substantially the same terms as the existing loan agreement terms (see Section 4.6 for further information). In addition, if the Scheme is implemented, it is proposed that Mr Van Dyk and a Perenti Group member enter into an executive services agreement for total remuneration consistent with his existing arrangements with the DDH1 Group (see Section 11.5 for further information). Despite this interest in the outcome of the Scheme, Mr Van Dyk considers that, given the importance of the Scheme, and his role as CEO of DDH1, it is important and appropriate for him to provide a recommendation to DDH1 Shareholders in relation to voting on the Scheme. Additionally, the DDH1 Board (excluding Mr Van Dyk) also considers that it is appropriate for Mr Van Dyk to make a recommendation on the Scheme given his role in the management and operations of DDH1. You should further note when considering this recommendation that, if the Scheme is implemented, Ms Diane Smith-Gander, Chairperson and Independent Non-Executive Director of DDH1, and Ms Andrea Sutton, Independent Non-Executive Director of DDH1, will be appointed as Non-Executive Directors of Perenti on terms consistent with Perenti's existing remuneration policy (see Sections 6.3(d) and 11.5). You should also note when considering this recommendation that Mr Murray Pollock, Non-Executive Director of DDH1, has a Relevant Interest in the DDH1 Shares held by substantial shareholder, Western Alloys Pty Ltd as trustee for the Westall Investment Trust (see Sections 4.5 and 11.5 for further information).

would affect the value of the Scheme Consideration received by DDH1 Shareholders. If either DDH1 or Perenti declares a dividend, the Independent Expert will assess whether the dividends paid (if any) will have a material effect on the information contained in its Independent Expert Report, and if so, it will provide a supplementary report disclosing the impact on the information contained in its Independent Expert Report.

A full copy of the Independent Expert's Report is set out in Annexure B. The DDH1 Directors encourage you to read this report in its entirety before making a decision as to whether or not to vote in favour of the Scheme Resolution.

1.5 SCHEME CONSIDERATION TO BE RECEIVED IF THE SCHEME IS IMPLEMENTED

If the Scheme is implemented, Scheme Shareholders (other than Ineligible Overseas Shareholders and Non-Rollover Unmarketable Parcel Shareholders) will be entitled to receive for each Scheme Share held on the Record Date:

- $0.1238 in cash; and
- 0.7111 New Perenti Shares, or, if DDH1 or Perenti declares or pays a FY23 final dividend, an adjusted number of New Perenti Shares as set out in Section 1.6,

(the **Standard Consideration**).

Scheme Shareholders will receive the Scheme Consideration subject to any Election (or deemed Election) by that Scheme Shareholder. Scheme Shareholders (other than Ineligible Overseas Shareholders) can Elect to receive, for all of their Scheme Shares, one of the following:

- the Standard Consideration (as set out below in Section 1.6(c));
- a maximum cash alternative (being the **Maximum Cash Consideration** as set out below in Section 1.6(d)); or
- a maximum scrip alternative (being the **Maximum Scrip Consideration** as set out below in Section 1.6(e),

with each respective Election reflected to the extent possible via the Election mechanism described below in Section 1.6.

If the Scheme is implemented, the maximum cash consideration payable by Perenti is capped at $50,010,901.67 (being the Cash Consideration Pool). Consideration Elections for the Maximum Cash Consideration or the Maximum Scrip Consideration will be subject to Scaleback Arrangements based on:

- the **Available Cash Consideration**, being the Cash Consideration Pool minus the aggregate cash consideration payable under the Scheme to all Scheme Shareholders who make a Standard Consideration Election; relative to
- the **Aggregate Maximum Cash Elections**, being the aggregate of the Full Cash Consideration (as defined in Section 1.6(d) below) payable under the Scheme (before the operation of the Scaleback Arrangements) to Scheme Shareholders who validly make a Maximum Cash Election.

This means that the cash and/or scrip components of the Scheme Consideration that Scheme Shareholders will receive will be adjusted based on (among other things) whether the aggregate Elections of all Scheme Shareholders amount to more or less than the Available Cash Consideration. See Section 1.6 below for further information on when and how the Maximum Cash Consideration and Maximum Scrip Consideration Elections will be scaled back.

See Sections 1.6(d) and 1.6(e) below for a matrix of possible valuation outcomes in relation to the Scheme Consideration under Maximum Cash Election and Maximum Scrip Election scenarios.

Scheme Shareholders who believe they may prove to be Unmarketable Parcel Shareholders may, in addition to making a Consideration Election, make an Unmarketable Parcel Rollover Election, being an election not to have the scrip component of their Scheme Consideration sold under the nominee sale process described below in Section 1.7. See Section 1.6(f) below for further information.

The Scheme Consideration will be subject to adjustment in the event that DDH1 and/or Perenti pay a dividend for the 2023 financial year. Adjustment for payment of DDH1 and/or Perenti dividends is discussed further in Section 1.6(h) below.

Ineligible Overseas Shareholders and Unmarketable Parcel Shareholders who do not make an Unmarketable Parcel Rollover Election should note they will not receive any New Perenti Shares. Instead, they will participate in the nominee sale process described below in section 1.7.

1.6 HOW THE ELECTION MECHANISM WORKS

(a) How to make a Consideration Election

A Consideration Election may be made by a Scheme Shareholder by completing and returning the Consideration Election Form in accordance with the instructions specified in the Consideration Election Form so that it is received by the Share Registry no later than the Election Date, being 5.00pm (AWST) on 12 September 2023.

Scheme Shareholders may subsequently withdraw and amend a Consideration Election by lodging a signed Consideration Election Withdrawal / Amendment Form, provided it is received by the Share Registry no later than the Election Date.

Scheme Shareholders can obtain a Consideration Election Withdrawal / Amendment Form by contacting the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays).

A Scheme Shareholder may make only one Consideration Election in relation to a particular holding. Scheme Shareholders who do not make a valid Consideration Election, or whose Consideration Election is not received by the Share Registry by the Election Date, will be deemed to have Elected the Standard Consideration.

If you hold one or more parcels of DDH1 Shares as trustee or nominee for, or otherwise on account of, another person, you may establish separate and distinct holdings for each of your beneficiaries and make individual Elections for each holding (and, for the purpose of calculating the Scheme Consideration to which you are entitled, each such parcel of DDH1 Shares will be treated as though it were held by a separate Scheme Shareholder). However, you may not accept instructions from a beneficiary to make an Election unless it is in respect of all parcels of DDH1 Shares held by you on behalf of that beneficiary. Trustees or nominees who would like further information on how to make separate Elections in relation to aggregate parcels of Scheme Shares should contact the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays).

(b) ASX announcements

One of the inputs for the Scheme Consideration calculations discussed below is the **Consideration VWAP**, being the volume-weighted average price of Perenti Shares traded on the ASX over the five trading day period that ends two Business Days prior to the Election Date, excluding any 'Crossing' transacted outside of the 'Open Session State' or any 'Special Crossing' transacted at any time, each as defined in the ASX Operating Rules. DDH1 intends to announce the Consideration VWAP (and its implications for the calculation of the Scheme Consideration) to the ASX before the Election Date, and currently intends to do so after close-of-trade on 8 September 2023.

DDH1 will also announce to the ASX its indicative calculations as to the operation of the Scaleback Arrangements, based on the Elections received on or before the Election Date. This announcement is currently expected to be made on 13 September 2023.

(c) Standard Consideration Election

Irrespective of the Elections made by other Scheme Shareholders, those Scheme Shareholders (other than Ineligible Overseas Shareholders) who Elect to receive Standard Consideration (or do not make a valid Election before the Election Date) will receive the Standard Consideration, being:

- $0.1238 cash (**the Standard Cash Component**); plus
- 0.7111 New Perenti Shares, or, if DDH1 or Perenti declares or pays a FY23 final dividend, an adjusted number of New Perenti Shares as calculated in accordance with the following formula (in either case, the **Standard Scrip Component**):

$$\frac{0.7111 \times (CVWAP + PAD_1) - DAD}{CVWAP - PAD_2}$$

The table below shows an illustrative calculation of the Standard Scrip Component at example Consideration VWAPs of $1.150, $1.252 and $1.350 (assuming no DDH1 Actual Dividend and no Perenti Actual Dividend) and the implied total value of the Scheme Consideration to DDH1 Shareholders:

ILLUSTRATIVE EXAMPLE — STANDARD CONSIDERATION ELECTION

Consideration VWAP	$/PRN share	**1.150**	**1.252**	**1.350**
Perenti Actual Dividend paid before Consideration VWAP period (PAD_1)	$/PRN share	—	—	—
Perenti Actual Dividend paid after Consideration VWAP period (PAD_2)	$/PRN share	—	—	—
DDH1 Actual Dividend (DAD)	$/DDH share	—	—	—
Standard Consideration				
Standard Scrip Component (New Perenti Shares per Scheme Share)	# PRN shares	**0.7111**	**0.7111**	**0.7111**
Standard Cash Component	$/Scheme Share	**0.1238**	**0.1238**	**0.1238**
Implied Value of Total Consideration				
Implied value of Standard Scrip Component	$/Scheme Share	0.8178	0.8903	0.9600
Implied value of Standard Cash Component	$/Scheme Share	0.1238	0.1238	0.1238
DDH1 Actual Dividend	$/Scheme Share	—	—	—
Implied Value of Total Consideration	$/Scheme Share	**0.9416**	**1.0141**	**1.0838**

To the extent that DDH1 or Perenti declare a DDH1 Actual Dividend or Perenti Actual Dividend after the date of this Scheme Booklet, DDH1 intends to seek Court approval for the release of a supplementary Scheme Booklet disclosing an additional illustrative calculation demonstrating the effect on the calculation of the Scheme Consideration and associated implications, such as on the number of New Perenti Shares to be issued as Scheme Consideration and the capital structure and substantial holders of the Combined Group. This supplementary Scheme Booklet would include any changes to the recommendation of the DDH1 Board on the Scheme as well as any changes to the opinion of the Independent Expert.

(d) Maximum Cash Consideration Election

If a Scheme Shareholder has made a Maximum Cash Election before the Election Date, that Scheme Shareholder will be entitled to receive the Maximum Cash Consideration for the Scheme Shares they hold at the Record Date, subject to Scaleback Arrangements.

Where the total Available Cash Consideration exceeds or is equal to the Aggregate Maximum Cash Elections, Scheme Shareholders who Elect to receive the Maximum Cash Consideration will receive cash, being the Full Cash Consideration, for all their Scheme Shares.

The Full Cash Consideration for each Scheme Share is a cash amount calculated in accordance with the following formula:

$$Standard\ Cash\ Component + Standard\ Scrip\ Component \times (CVWAP - PAD_2)$$

Where the total Available Cash Consideration is less than the Aggregate Maximum Cash Elections, Scheme Shareholders who have Elected to receive Maximum Cash Consideration will in effect, have the cash component of their aggregate Scheme Consideration scaled back from the Full Cash Consideration (receiving additional scrip instead), but will still receive a higher proportion of their aggregate Scheme Consideration in cash, and a smaller proportion of their aggregate Scheme Consideration as New Perenti Shares, as compared to the Standard Consideration.

More specifically, in that scenario, Scheme Shareholders who have Elected to receive the Maximum Cash Consideration will receive:

- the Full Cash Consideration in relation to that proportion of their Scheme Shares as calculated in accordance with the following formula:

  $$\frac{ACC}{AMCE}$$

  Where:

  ACC = Available Cash Consideration

  AMCE = Aggregate Maximum Cash Elections

- and the Full Scrip Consideration in relation to the remainder of their Scheme Shares (the Full Scrip Consideration is explained in Section 1.6(e) below).

Illustration of outcomes from the perspective of a Scheme Shareholder who makes a Maximum Cash Consideration Election

The table below illustrates the outcome for those Scheme Shareholders (other than Ineligible Overseas Shareholders) who make a Maximum Cash Consideration Election under various scenarios, subject to rounding. A Scheme Shareholder making a Maximum Cash Consideration Election will receive more cash than if that Scheme Shareholder had made a Standard Consideration Election. However, the amount of cash that Scheme Shareholder will receive will be impacted by the number of other Scheme Shareholders who have also made the Maximum Cash Election (see the table below for a demonstration of such scenarios). The table below shows (as an average per Scheme Share held) how much cash is received and how much of a New Perenti Share (PS) is received.

The following table assumes that:

- the Scheme is approved and implemented; and
- the Consideration VWAP is $1.252 per Perenti Share in-line with the 5-day VWAP to 23 June 2023 (being the last trading day prior to the announcement of the Scheme); and
- there is no Perenti Actual Dividend or DDH1 Actual Dividend.

1. SUMMARY OF THE SCHEME CONTINUED

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

% OF SCHEME SHARES ELECTED TO RECEIVE MAXIMUM CASH CONSIDERATION ↓ / % OF SCHEME SHARES ELECTED TO RECEIVE MAXIMUM SCRIP CONSIDERATION →	0%	1.0%	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%	70.0%	80.0%	90.0%	99.0%
1.0%	$0.1238 0.7111 PS	$0.2476 0.6122 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS
10.0%	$0.1238 0.7111 PS	$0.1362 0.7012 PS	$0.2476 0.6122 PS	$0.3714 0.5134 PS	$0.4952 0.4145 PS	$0.6190 0.3156 PS	$0.7428 0.2167 PS	$0.8666 0.1178 PS	$0.9904 0.0189 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	
20.0%	$0.1238 0.7111 PS	$0.1300 0.7062 PS	$0.1857 0.6617 PS	$0.2476 0.6122 PS	$0.3095 0.5628 PS	$0.3714 0.5134 PS	$0.4333 0.4639 PS	$0.4952 0.4145 PS	$0.5571 0.3650 PS	$0.6190 0.3156 PS		
30.0%	$0.1238 0.7111 PS	$0.1279 0.7078 PS	$0.1651 0.6782 PS	$0.2063 0.6452 PS	$0.2476 0.6122 PS	$0.2889 0.5793 PS	$0.3301 0.5463 PS	$0.3714 0.5134 PS	$0.4127 0.4804 PS			
40.0%	$0.1238 0.7111 PS	$0.1269 0.7086 PS	$0.1548 0.6864 PS	$0.1857 0.6617 PS	$0.2167 0.6370 PS	$0.2476 0.6122 PS	$0.2786 0.5875 PS	$0.3095 0.5628 PS				
50.0%	$0.1238 0.7111 PS	$0.1263 0.7091 PS	$0.1486 0.6913 PS	$0.1733 0.6716 PS	$0.1981 0.6518 PS	$0.2228 0.6320 PS	$0.2476 0.6122 PS					
60.0%	$0.1238 0.7111 PS	$0.1259 0.7095 PS	$0.1444 0.6946 PS	$0.1651 0.6782 PS	$0.1857 0.6617 PS	$0.2063 0.6452 PS						
70.0%	$0.1238 0.7111 PS	$0.1256 0.7097 PS	$0.1415 0.6970 PS	$0.1592 0.6829 PS	$0.1769 0.6687 PS							
80.0%	$0.1238 0.7111 PS	$0.1253 0.7099 PS	$0.1393 0.6988 PS	$0.1548 0.6864 PS								
90.0%	$0.1238 0.7111 PS	$0.1252 0.7100 PS	$0.1376 0.7001 PS									
99.0%	$0.1238 0.7111 PS	$0.1251 0.7101 PS										
100.0%	$0.1238 0.7111 PS											

Cells in the above table that do not sum to a total of 100% (sum of Maximum Cash Consideration Elections and Maximum Scrip Consideration Elections) assume the shortfall is due to Scheme Shares that have been Elected to receive the Standard Consideration. For example, where 20.0% of Scheme Shares have been Elected to receive the Maximum Cash Consideration and 30.0% have been Elected to receive the Maximum Scrip Consideration, it is implied that the remaining 50.0% of Scheme Shares fall under the Standard Consideration.

(e) Maximum Scrip Consideration Election

If a Scheme Shareholder has made a Maximum Scrip Election before the Election Date, that Scheme Shareholder will be entitled to receive the Maximum Scrip Consideration for the Scheme Shares they hold at the Record Date, subject to Scaleback Arrangements.

Where the total Available Cash Consideration is less than or equal to the Aggregate Maximum Cash Elections, Scheme Shareholders who Elect to receive the Maximum Scrip Consideration will receive the Full Scrip Consideration for all their Scheme Shares and no cash.

The Full Scrip Consideration for each Scheme Share is the number of New Perenti Shares calculated in accordance with the following formula:

$$\frac{Full\ Cash\ Consideration}{CVWAP - PAD_2}$$

Where the total Available Cash Consideration exceeds the Aggregate Maximum Cash Elections, Scheme Shareholders who have Elected to receive Maximum Scrip Consideration will, in effect, have the scrip component of their aggregate Scheme Consideration scaled back from the Full Scrip Consideration (receiving cash instead), but will still receive a higher proportion of their aggregate Scheme Consideration as New Perenti Shares, and a smaller proportion of their Scheme Consideration in cash, as compared to the Standard Consideration.

More specifically, in that scenario, Scheme Shareholders who have Elected to receive the Maximum Scrip Consideration receive:

- the Full Scrip Consideration in relation to that proportion of their Scheme Shares as calculated in accordance with the following formula:

$$\frac{ACC - AMCE}{n_{MSE} \times FCC}$$

  Where:

  ACC = Available Cash Consideration

  AMCE = Aggregate Maximum Cash Elections

  n_{MSE}= The aggregate number of Scheme Shares held at the Record Date by Scheme Shareholders who have made a valid Maximum Scrip Election

  FCC = The Full Cash Consideration per Scheme Share

- and the Full Cash Consideration in relation to the remainder of their Scheme Shares.

Illustration of outcomes from the perspective of a Scheme Shareholder who makes a Maximum Scrip Consideration Election

The table below illustrates the outcome for those Scheme Shareholders (other than Ineligible Overseas Shareholders) who make a Maximum Scrip Consideration Election under various scenarios, subject to rounding. A Scheme Shareholder making a Maximum Scrip Consideration Election will receive more scrip than if that Scheme Shareholder had made a Standard Consideration Election. However, the number of New Perenti Shares that Scheme Shareholder will receive will be impacted by the number of other Scheme Shareholders who have also made the Maximum Scrip Election (see the table below for a demonstration of such scenarios). The table shows (as an average per Scheme Share held) how much cash is received and how much of a New Perenti Share (PS) is received.

The following table assumes that:

- the Scheme is approved and implemented;
- the Consideration VWAP is $1.252 per Perenti Share in-line with the 5-day VWAP to 23 June 2023 (being the last trading day prior to the announcement of the Scheme);
- there is no Perenti Actual Dividend or DDH1 Actual Dividend.

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

% OF SCHEME SHARES ELECTED TO RECEIVE MAXIMUM CASH CONSIDERATION	% OF SCHEME SHARES ELECTED TO RECEIVE MAXIMUM SCRIP CONSIDERATION											
	1.0%	**10.0%**	**20.0%**	**30.0%**	**40.0%**	**50.0%**	**60.0%**	**70.0%**	**80.0%**	**90.0%**	**99.0%**	**100.0%**
0.0%	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS
1.0%	$0.0000 0.8100 PS	$0.0348 0.7822 PS	$0.0793 0.7467 PS	$0.0941 0.7348 PS	$0.1015 0.7289 PS	$0.1060 0.7253 PS	$0.1090 0.7230 PS	$0.1111 0.7213 PS	$0.1127 0.7200 PS	$0.1139 0.7190 PS	$0.1148 0.7183 PS	
10.0%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0125 0.8000 PS	$0.0249 0.7901 PS		
20.0%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS			
30.0%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS				
40.0%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS					
50.0%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS						
60.0%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS							
70.0%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS								
80.0%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS									
90.0%	$0.0000 0.8100 PS	$0.0000 0.8100 PS										
99.0%	$0.0000 0.8100 PS											

1. SUMMARY OF THE SCHEME CONTINUED

Cells in the above table that do not sum to a total of 100% (sum of Maximum Cash Consideration Elections and Maximum Scrip Consideration Elections) assume the shortfall is due to Scheme Shares that have been Elected to receive the Standard Consideration. For example, where 20.0% of Scheme Shares have been Elected to receive the Maximum Cash Consideration and 30.0% have been Elected to receive the Maximum Scrip Consideration, it is implied that the remaining 50.0% of Scheme Shares fall under the Standard Consideration.

(f) Unmarketable Parcel Rollover Elections

A Scheme Shareholder (other than an Ineligible Overseas Shareholder) will be an Unmarketable Parcel Shareholder where, based on their holding of Scheme Shares on the Record Date, their Consideration Election and the operation of the Scaleback Arrangements (if applicable), they would, on implementation of the Scheme, be entitled to receive a parcel of New Perenti Shares worth less than $500 (assessed by reference to the price of Perenti Shares on ASX at the close of trade on the trading day prior to the Record Date).

Scheme Shareholders who believe they may prove to be Unmarketable Parcel Shareholders may, in addition to making a Consideration Election, make an election (being an **Unmarketable Parcel Rollover Election**) not to have the scrip component of their Scheme Consideration sold under the nominee sale process described below in Section 1.7. An Unmarketable Parcel Shareholder may make only one Unmarketable Parcel Rollover Election in relation to a particular holding.

An Unmarketable Parcel Rollover Election may be made by an Unmarketable Parcel Shareholder by completing and returning the UMP Election Form in accordance with the instructions specified in the UMP Election Form so that it is received by the Share Registry no later than the Election Date, being 5.00pm (AWST) on 12 September 2023.

Unmarketable Parcel Shareholders may subsequently withdraw an Unmarketable Parcel Rollover Election by lodging a signed UMP Election Withdrawal Form, provided that it is received by the Share Registry no later than the Election Date.

Unmarketable Parcel Shareholders can obtain an UMP Election Withdrawal Form by contacting the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays).

Where an Unmarketable Parcel Shareholder has not made a valid Unmarketable Parcel Rollover Election by the Election Date, they will be deemed a Non-Rollover Unmarketable Parcel Shareholder. Non-Rollover Unmarketable Parcel Shareholders will not receive New Perenti Shares, and will instead participate in the nominee sale process described below in Section 1.7.

If a Scheme Shareholder submits an UMP Election Form but ultimately does not prove to be an Unmarketable Parcel Shareholder, their UMP Election Form will be disregarded.

(g) Cash Consideration Pool

If the Scheme is implemented, the maximum cash consideration payable by Perenti is capped at $50,010,901.67 (being the Cash Consideration Pool).

The Available Cash Consideration is the Cash Consideration Pool minus the aggregate cash consideration payable under the Scheme to all Scheme Shareholders who make a Standard Consideration Election.

The cash and/or scrip components of the Scheme Consideration that Scheme Shareholders will receive will be adjusted based on (among other things) whether the aggregate Elections of all Scheme Shareholders amount to more or less than the Available Cash Consideration. In other words, if the Available Cash Consideration is not sufficient to satisfy all Elections, the Scaleback Arrangements will apply.

(h) Adjustment for dividends

Under the Scheme Implementation Agreement, DDH1 and Perenti are each entitled to declare and pay a dividend for the period ended 30 June 2023.

DDH1 may in its sole discretion declare and pay to any DDH1 Shareholder a fully franked dividend per DDH1 Share not exceeding $15 million in aggregate, in respect of the period ending 30 June 2023 (**DDH1 Permitted Dividend**), provided that:

- the record date for the DDH1 Permitted Dividend occurs on or before the Record Date;
- the franking account of DDH1 does not fall into deficit upon payment of the DDH1 Permitted Dividend; and
- the DDH1 Permitted Dividend complies with section 254T of the Corporations Act.

Perenti may in its sole discretion declare and pay to any Perenti Shareholder a fully franked dividend per Perenti Share not exceeding $20 million in aggregate, in respect of the period ending 30 June 2023 (**Perenti Permitted Dividend)**, provided that:

- the franking account of Perenti does not fall into deficit upon payment of the Perenti Permitted Dividend;
- the Perenti Permitted Dividend must comply with section 254T of the Corporations Act; and
- the dividend is not paid (and the ex-dividend date for that dividend does not occur) within the period over which the Consideration VWAP is assessed.

The Scheme Consideration will be subject to adjustment in the event that the DDH1 Permitted Dividend and/or the Perenti Permitted Dividend are declared and/or paid.

If a DDH1 Permitted Dividend is declared, it will be paid to all persons registered as DDH1 Shareholders as at the Record Date. The DDH1 Permitted Dividend will be fully franked.

If DDH1 declares a DDH1 Permitted Dividend, the Scheme Consideration will be subject to adjustment. For example, in the event that DDH1 declares a DDH1 Permitted Dividend and Perenti does not declare a Perenti Permitted Dividend:

- if you Elect to receive the Standard Consideration, you will receive for each Scheme Share:
  - $0.1238; and
  - a number of New Perenti Shares calculated having regard to the DDH1 Actual Dividend and Consideration VWAP;
- if you Elect to receive the Maximum Cash Consideration, you will receive either:
  - the Full Cash Consideration for all your Scheme Shares, calculated having regard to the DDH1 Actual Dividend and Consideration VWAP; or
  - the Full Cash Consideration for a proportion of your Scheme Shares, and the Full Scrip Consideration for the remainder of your Scheme Shares, both calculated having regard to the DDH1 Actual Dividend, Consideration VWAP and Scaleback Arrangements; or
- if you Elect to receive the Maximum Scrip Consideration for all your Scheme Shares, you will receive either:
  - the Full Scrip Consideration for all your Scheme Shares, calculated having regard to the value of the DDH1 Actual Dividend and Consideration VWAP; or
  - the Full Cash Consideration for a proportion of your Scheme Shares, and the Full Scrip Consideration for the remainder of your Scheme Shares, both calculated having regard to the DDH1 Actual Dividend, Consideration VWAP and Scaleback Arrangements.

Making an Election will not affect a Scheme Shareholder's entitlement to receive any DDH1 Permitted Dividend that may be declared or paid.

1.7 INELIGIBLE OVERSEAS SHAREHOLDERS AND NON-ROLLOVER UNMARKETABLE PARCEL SHAREHOLDERS

A Scheme Shareholder will be an Ineligible Overseas Shareholder where their address shown in the DDH1 Share Register on the Record Date is a place outside Australia (and its external territories) and New Zealand, unless Perenti determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New Perenti Shares.

Ineligible Overseas Shareholders will be deemed to have made a Standard Consideration Election, and will be entitled to receive the Standard Consideration in accordance with the Scheme, however New Perenti Shares will not be issued to them.

An Unmarketable Parcel Shareholder who does not make a valid Unmarketable Parcel Rollover Election by the Election Date will be deemed a Non-Rollover Unmarketable Parcel Shareholder. Although Non-Rollover Unmarketable Parcel Shareholders may make a Consideration Election, they will not be issued any New Perenti Shares.

Instead, the New Perenti Shares to which the Ineligible Overseas Shareholders or Non-Rollover Unmarketable Parcel Shareholders would otherwise have been entitled to will be issued directly to the nominee appointed by Perenti who will then, as soon as reasonably practicable after the Implementation Date, sell or procure the sale of such Perenti Shares (at such price or prices as the nominee determines in good faith) and remit the sale proceeds for the Perenti Shares to Perenti (after deduction of any applicable fees, brokerage, stamp duty and other selling costs, taxes and charges).

Perenti will then remit to each Ineligible Overseas Shareholder and each Non-Rollover Unmarketable Parcel Shareholder the net sale proceeds attributable to the Perenti Shares to which the Shareholder would otherwise have been entitled (pro rata to the total number of such Perenti Shares sold via the nominee).

Neither Perenti nor DDH1 gives any assurance as to the price that will be achieved for the sale of New Perenti Shares by the nominee. The sale of the New Perenti Shares by the nominee will be at the risk of each Ineligible Overseas Shareholder and Non-Rollover Unmarketable Parcel Shareholder.

1.8 FRACTIONAL ENTITLEMENTS

If, pursuant to the Scheme, a Scheme Shareholder becomes entitled to a fraction of a New Perenti Share, or an entitlement to a cash amount involving a fraction of a cent arises, then the aggregate entitlement of that Scheme Shareholder will be rounded up or down, with any such fractional entitlement of less than half a New Perenti Share or half a cent (as the case may be) being rounded down to the nearest whole New Perenti Share and any such fractional entitlement of half a New Perenti Share or half a cent (as the case may be) or more being rounded up.

1.9 PAYMENT OF CASH COMPONENT OF SCHEME CONSIDERATION

By no later than the Business Day before the Implementation Date, Perenti must deposit in cleared funds an amount equal to the Cash Consideration Pool (or such larger number as is required under the Scheme having regard to fractional entitlements) in an Australian dollar denominated trust account operated by DDH1 or the Share Registry as trustee for the Scheme Shareholders who are entitled to receive a cash amount as part of the Scheme Consideration.

If the Scheme becomes Effective, and subject to Perenti having deposited the required funds as described above, DDH1 will, on the Implementation Date and from the trust account referred to above, pay to each Scheme Shareholder the amount of cash (if any) to which it is entitled to receive under the Scheme.

Scheme Shareholders that have, before the Record Date, elected to receive dividend payments from DDH1 by electronic funds transfer to their nominated bank account (in accordance with the requirements of the DDH1 Share Registry) will receive the cash component of the Scheme Consideration by electronic means in accordance with that election. Otherwise, if an electronic funds transfer election has not been made, Scheme Shareholders will receive the cash component of the Scheme Consideration by cheque, sent by prepaid post to their Registered Address.

1. SUMMARY OF THE SCHEME CONTINUED

1.10 ISSUE OF THE SCRIP COMPONENT OF SCHEME CONSIDERATION

If the Scheme becomes Effective, Perenti has agreed to:

(a) on the Implementation Date:

(i) issue to each Scheme Shareholder (other than Ineligible Overseas Shareholders and Non-Rollover Unmarketable Parcel Shareholders) such number of New Perenti Shares as that Scheme Shareholder is entitled to as Scheme Consideration, and enter the name and address of each Scheme Shareholder in the Perenti Share Register;

(ii) issue to the nominee appointed by Perenti such number of New Perenti Shares as are attributable to the Ineligible Overseas Shareholders or Non-Rollover Unmarketable Parcel Shareholders, and enter the name and address of the nominee in the Perenti Share Register in respect of those New Perenti Shares; and

(b) within 5 Business Days after the Implementation Date, send holding statements to each Scheme Shareholder for the New Perenti Shares issued to them.

1.11 JOINT HOLDERS

In the case of Scheme Shares held in joint names:

(a) any monies required to be paid to the Scheme Shareholders will be payable to the joint holders;

(b) any holding statements for New Perenti Shares to be issued to Scheme Shareholders will be issued in the names of the joint holders; and

(c) any other document required to be sent under this Scheme will be issued in the names of the joint holders,

and will be forwarded to the holder whose name appears first in the DDH1 Share Register as at the Record Date.

1.12 TREATMENT OF DDH1 PERFORMANCE RIGHTS

DDH1 operates (and has operated in the past) employee incentive plans (currently, the **DDH1 Long Term Incentive Plan**) involving the issue, vesting and exercise of DDH1 Performance Rights.

The DDH1 Long Term Incentive Plan was approved by the DDH1 Board and effective on 10 February 2021 and subsequently amended on 30 June 2022.

Under the DDH1 Long Term Incentive Plan:

- DDH1 Performance Rights give its holder the right to be issued one DDH1 Share for each DDH1 Performance Right held subject to the achievement of specific performance criteria. No amount is payable by the holder on the vesting of DDH1 Performance Rights; and
- the DDH1 Board may, in its absolute discretion and subject to the Listing Rules, determine how a holder's DDH1 Performance Rights will be dealt with on a change of control event (including where DDH1 Shareholders approve a scheme of arrangement relating to DDH1).

Under the Scheme Implementation Agreement, by 8.00 am on the Second Court Date, DDH1 must procure that all DDH1 Performance Rights on issue at the time the Scheme becomes Effective will vest and will result in the issue of DDH1 Shares on or before the Record Date.

As at the Last Practicable Date, DDH1 had 2,871,860 DDH1 Performance Rights on issue, with an aggregate value of approximately $2.9 million based on the implied announcement value of $1.01 per DDH1 share.

Subject to DDH1 Shareholders approving the Scheme Resolution, the DDH1 Board has resolved that all outstanding DDH1 Performance Rights on issue immediately following the Scheme Meeting which have not vested, will automatically vest and convert into DDH1 Shares prior to the Record Date. The DDH1 Shares issued to the holders of DDH1 Performance Rights will therefore participate in the Scheme, such that the holders will receive the Scheme Consideration in respect of those DDH1 Shares.

Further details about the DDH1 Performance Rights are set out in Section 4.4 and 4.5.

Details about the DDH1 Performance Rights held by or on behalf of the DDH1 Directors are set out in Section 11.

1.13 TREATMENT OF DDH1 EMPLOYEE SHARES

DDH1 operates an employee share plan (the **DDH1 Employee Share Plan**) involving the issue of DDH1 Shares to employees (the **DDH1 Employee Shares**).

The DDH1 Employee Share Plan was approved by the DDH1 Board and effective on 10 February 2021 and subsequently amended on 30 June 2022. The DDH1 Employee Shares are held by a custodian and bare trustee, Citicorp Nominees Pty Limited, for the benefit of DDH1 Employee Share holders.

Under the DDH1 Employee Share Plan:

- DDH1 Employee Shares rank equally in all respects with existing DDH1 Shares;
- a holder of DDH1 Employee Shares is entitled to exercise any voting rights attaching to its DDH1 Employee Shares (regardless of whether or not the DDH1 Employee Shares are subject to disposal restrictions);
- the DDH1 Board may determine that, for a specified period, a DDH1 Employee Share is subject to a Restriction Period, such that the DDH1 Employee Share may not be sold, transferred, encumbered or otherwise dealt with without the prior approval of the Board, or as required by law; and
- the DDH1 Board, in its discretion, may at any time waive the Restriction Period applicable to a DDH1 Employee Share. Upon the waiver of a Restriction Period, the DDH1 Board must, as soon as reasonably practicable, lift any holding lock in respect of the relevant DDH1 Employee Shares.

Under the Scheme Implementation Agreement, by 8.00 am on the Second Court Date, DDH1 must:

(a) procure that any Restriction Period attached to the DDH1 Employee Shares is waived and any holding lock attached to the DDH1 Employee Shares is lifted; and

(b) notify each holder of the DDH1 Employee Shares of the waiving of the Restriction Period attached to their DDH1 Employee Shares, subject to, and with effect from the time that, the Scheme becomes Effective.

Holders of DDH1 Employee Shares will therefore participate in the Scheme, such that the holders will receive the Scheme Consideration in respect of those DDH1 Employee Shares.

Further details about the DDH1 Employee Shares are set out in Section 4.5.

Details about the DDH1 Employee Shares held by or on behalf of the DDH1 Directors are set out in Section 11.

1.14 TREATMENT OF DDH1 LOAN SHARES

DDH1 has previously entered into the Limited Recourse Loan Agreements in relation to the issue of DDH1 Shares subject to a loan (the **DDH1 Loan Shares**). Under the Scheme Implementation Agreement, Perenti has agreed to enter into a new loan agreement with each holder of DDH1 Loan Shares in relation to each respective outstanding loan amount (the **DDH1 Loan Share Deed**), thereby releasing DDH1 of its obligations to each holder under each Limited Recourse Loan Agreement.

Details about the DDH1 Loan Shares are set out in Section 4.6.

Details about the DDH1 Loan Shares held by or on behalf of the DDH1 Directors are set out in Section 11.

1.15 EXCLUSIVITY

(a) No shop

The Scheme Implementation Agreement includes exclusivity arrangements which apply from the date of the Scheme Implementation Agreement until the earlier of the End Date (being 25 February 2024), the termination of the Scheme Implementation Agreement and the Implementation Date (**Exclusivity Period**).

During the Exclusivity Period, DDH1, the DDH1 Group or its Representatives must not (except with the prior written consent of Perenti) solicit, encourage, initiate or invite any Competing Proposal or initiate enquiries or negotiations with any Third Party which may reasonably be expected to encourage or lead to an offer or proposal from any person in relation to an actual, proposed or potential Competing Proposal.

(b) No talk and no due diligence

During the Exclusivity Period, DDH1 and its Related Bodies Corporate and Representatives must not (except with the prior written consent of Perenti) directly or indirectly:

(i) enter into, facilitate or participate in any negotiations or discussions with any Third Party in relation to a Competing Proposal or anything which may reasonably be expected to lead to an actual, proposed or potential Competing Proposal; or

(ii) disclose or provide any information to a Third Party for the purposes of enabling or encouraging that party to make an actual, proposed or potential Competing Proposal.

(c) Limitation to no talk and no due diligence

DDH1, its Related Bodies Corporate or its Representatives may undertake any action with respect to a genuine Competing Proposal that would otherwise be prohibited by the "No talk and no due diligence" exclusivity provision, where the DDH1 Board has determined in good faith that, after consultation with its advisers:

(i) such a genuine Competing Proposal is, or could reasonably be considered to become, a Superior Proposal; and

(ii) taking or refusing to take such action in relation to a genuine Competing Proposal would be reasonably likely to constitute a breach of DDH1's Board's fiduciary or statutory obligations,

provided that DDH1 immediately notifies Perenti of any action or inaction by it or any of its Related Bodies Corporate or its Representatives, and to the extent DDH1 propose to provide information to which the no-talk provisions apply, DDH1 has entered into a binding confidentiality agreement with the relevant person who will receive that information on terms no more favourable to the relevant person than apply to Perenti under the Confidentiality Deed.

(d) Notification to Perenti

During the Exclusivity Period, DDH1 must notify Perenti promptly (and in any event within 24 hours after becoming aware) if it or any of its Related Bodies Corporate or Representatives, whether directly or indirectly, solicited or unsolicited:

(i) receives an approach, or a request for information, by any person which proposes or relates to a genuine Competing Proposal; or

(ii) provides any non-public information concerning the business or operations of the DDH1 Group to any person for the purposes of enabling that party to make or develop a Competing Proposal.

(e) Perenti matching right

During the Exclusivity Period, DDH1 must not enter into any legally binding agreement pursuant to which a third party undertakes to give effect to a Competing Proposal, unless:

(i) the DDH1 Board, acting in good faith and in order to satisfy what the directors of DDH1 consider to be their statutory or fiduciary duties determine that the Competing Proposal is, or could reasonably be expected to be, a Superior Proposal;

(ii) DDH1 has provided Perenti with the material terms and conditions of the Competing Proposal on a confidential basis;

(iii) DDH1 has given Perenti at least 5 Business Days after determining that the Competing Proposal is, or could reasonably be expected to be, a Superior Proposal to provide a binding written offer of a matching or superior proposal (a **Perenti Counter Proposal**); and

(iv) after the DDH1 Board has considered in good faith any Perenti Counter Proposal or revised Perenti Counter Proposal (submitted within a further 2 Business Days of the DDH1 Board's response to an initial Perenti Counter Proposal), and has determined that the Competing Proposal continues to constitute a Superior Proposal as compared to the Perenti Counter Proposal or revised Perenti Counter Proposal (as applicable).

1. SUMMARY OF THE SCHEME CONTINUED

If the DDH1 Directors determine, acting reasonably and in good faith, that the terms and conditions of the Perenti Counter Proposal would deliver an equivalent or superior outcome for DDH1 Shareholders than that of the relevant Competing Proposal, then DDH1 and Perenti must use their best endeavours to agree and enter into such documentation to implement the Perenti Counter Proposal as soon as reasonably practicable. DDH1 must also use its best endeavours to procure that each DDH1 Director makes a public statement recommending the Perenti Counter Proposal to DDH1 Shareholders.

1.16 REPRESENTATION AND WARRANTIES

The Scheme Implementation Agreement contains customary and other representations and warranties by each of DDH1 and Perenti.

1.17 REIMBURSEMENT FEES

(a) Perenti reimbursement fee

Perenti must pay DDH1 $4.13 million without deduction, set-off or withholding if DDH1 validly terminates the Scheme Implementation Agreement under a provision relating to a material breach by Perenti, or as a result of a Perenti Prescribed Occurrence occurring.

(b) DDH1 reimbursement fee

DDH1 must pay Perenti $4.13 million without deduction, set-off or withholding if, during the Exclusivity Period:

(i) a Competing Proposal is received by DDH1 and any Third Party completes a Competing Proposal or acquires a Relevant Interest in more than 50% of the DDH1 Shares within 12 months after the date of such receipt; or

(ii) one or more of the DDH1 Directors publicly withdraws, fails to make or adversely changes their Recommendation or Voting Intention, or publicly recommends or endorses a Competing Proposal, for any reason other than as permitted under the Scheme Implementation Agreement.

DDH1 must also pay the reimbursement fee if Perenti validly terminates the Scheme Implementation Agreement under certain provisions relating to a material breach by DDH1, or as a result of a DDH1 Prescribed Occurrence occurring.

(c) No payment if Scheme becomes Effective

Subject to the terms of the Scheme Implementation Agreement, neither the DDH1 or Perenti will be required to pay the reimbursement fee if the Scheme becomes Effective.

1.18 TERMINATION

The Scheme Implementation Agreement may only be terminated by Perenti or DDH1 in the circumstances contemplated below, or if the parties agree in writing.

(a) Termination by DDH1

DDH1 may terminate the Scheme Implementation Agreement at any time before 8.00 am on the Second Court Date:

(i) if any Condition for its benefit is not satisfied or waived in accordance with the Scheme Implementation Agreement; or

(ii) by notice in writing to Perenti if Perenti is in material breach of the Scheme Implementation Agreement and has not remedied that breach within 10 Business Days of being given notice (or any shorter period ending at 8.00 am on the Second Court Date).

(b) Termination by Perenti

Perenti may terminate the Scheme Implementation Agreement at any time before 8.00 am on the Second Court Date:

(i) if any Condition for its benefit is not satisfied or waived in accordance with the Scheme Implementation Agreement; or

(ii) by notice in writing to DDH1 if:

   A. DDH1 is in material breach of the Scheme Implementation Agreement and has not remedied that breach within 10 Business Days of being given notice (or any shorter period ending at 8.00 am on the Second Court Date); or

   B. any DDH1 Director publicly withdraws, fails to make or adversely modifies their Recommendation or Voting Intention or publicly recommends or endorses a Competing Proposal, for any reason other than as permitted under the Scheme Implementation Agreement.

(c) Obligations on termination

On termination of the Scheme Implementation Agreement, all provisions cease to have effect and the parties will have no further obligations under it (except in respect of certain clauses which are expressed to survive termination).

1.19 KEY AGREEMENTS

The key agreements to implement the Scheme are as follows:

(a) Scheme Implementation Agreement

The Scheme Implementation Agreement sets out the obligations of DDH1 and Perenti in connection with the implementation of the Scheme.

The key terms of the Scheme Implementation Agreement are summarised in this Section 1 and Sections 8.2 to 8.4. A full copy of the Scheme Implementation Agreement is available for download from http://www.investorvote.com.au (Control Number: 182792) and was released on ASX on 26 June 2023.

(b) Scheme

The Scheme contains the terms of the scheme of arrangement to effect the acquisition by Perenti of 100% of DDH1 Shares. The Scheme is set out in Annexure A.

(c) Deed Poll

Perenti has entered into the Deed Poll in favour of the Scheme Shareholders under which Perenti has undertaken to provide the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme and to undertake all other actions attributed to it under the Scheme as if named as a party to the Scheme.

The Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms, despite the fact that they are not a party to it, and under the Scheme each Scheme Shareholder appoints DDH1 as its agent and attorney for the purpose of executing any document or form or doing any other act necessary to give effect to the Scheme and enforcing the Deed Poll against Perenti.

A copy of the Deed Poll is available for download from http://www.investorvote.com.au (Control Number: 182792) and was released on ASX on 26 June 2023.

1.20 YOUR CHOICES AS A DDH1 SHAREHOLDER

As a DDH1 Shareholder you have the following four options in relation to your DDH1 Shares:

(a) Support the Scheme by voting in favour of the Scheme Resolution at the Scheme Meeting

The DDH1 Directors and the Independent Board Committee unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.

The reasons for the DDH1 Directors' unanimous recommendation are set out in the "Reasons to vote in favour of the Scheme" Section on pages 10 to 14.

(b) Do not support the Scheme by voting against the Scheme Resolution at the Scheme Meeting

If, despite the DDH1 Directors' unanimous recommendation and the conclusion of the Independent Expert, you do not support the Scheme, you may vote against the Scheme Resolution at the Scheme Meeting.

However, you should be aware that if all of the Conditions to the Scheme are satisfied or waived (as applicable), including the Requisite Majorities of DDH1 Shareholders approving the Scheme, the Scheme will bind all Scheme Shareholders including those who vote against the Scheme Resolution at the Scheme Meeting and those who do not vote at all, and the Scheme will be implemented.

(c) Sell your DDH1 Shares on the ASX

You can sell your DDH1 Shares on the ASX at any time before the cessation of trading of DDH1 Shares on the ASX. If you sell your DDH1 Shares on the ASX you may incur brokerage or other costs. If the Scheme becomes Effective, trading in DDH1 Shares on the ASX is expected to cease at the close of trading on the ASX on the day on which the Scheme becomes Effective. This is expected to occur on 27 September 2023.

(d) Do nothing

If, despite the DDH1 Directors' unanimous recommendation and the conclusion of the Independent Expert, you decide to do nothing, you should be aware that if all of the Conditions to the Scheme are satisfied or waived (as applicable), including the Requisite Majorities of DDH1 Shareholders approving the Scheme, the Scheme will bind all Scheme Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting and those who do not vote at all, and the Scheme will be implemented.

If you want to receive the Scheme Consideration, your vote is important.

If the Scheme is not approved by the Requisite Majorities of DDH1 Shareholders you will not receive the Scheme Consideration.

1.21 COSTS

If the Scheme is implemented, the costs incurred by DDH1 in relation to the Scheme will effectively be met by Perenti as the ultimate controller of DDH1 following implementation of the Scheme. If the Scheme is not implemented and if no Superior Proposal emerges and becomes effective, DDH1 will need to pay its own transaction costs, which are a sunk cost.

1.22 AUSTRALIAN TAXATION IMPLICATIONS

If the Scheme is implemented, there will be tax consequences for Scheme Shareholders, which may include tax being payable on any gain on disposal of Scheme Shares. Please refer to Section 10 for further details about the general Australian tax consequences for both Australian and foreign tax resident Scheme Shareholders. That Section is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any Scheme Shareholder.

1.23 NO BROKERAGE OR STAMP DUTY

No brokerage or stamp duty will be payable by Scheme Shareholders on the transfer of their Scheme Shares as a result of the Scheme.

1.24 FURTHER INFORMATION FOR DDH1 SHAREHOLDERS

If you have any questions about this Scheme Booklet or the Scheme you should contact the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays).

2. FREQUENTLY ASKED QUESTIONS

This Scheme Booklet contains detailed information regarding the Scheme. This Section provides summary answers to some questions you may have and will assist you to locate further detailed information in this Scheme Booklet. It is not intended to address all relevant issues for DDH1 Shareholders. This Section should be read together with the other parts of this Scheme Booklet.

QUESTION	ANSWER
OVERVIEW OF THE SCHEME	
Why have I received this Scheme Booklet?	This Scheme Booklet has been sent to you because you are a DDH1 Shareholder and you are being asked to vote on the Scheme. This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme at the Scheme Meeting.
What is the Scheme?	The Scheme is a scheme of arrangement under Part 5.1 of the Corporations Act between DDH1 and the Scheme Shareholders. The Scheme involves Perenti acquiring 100% of DDH1 Shares for the Scheme Consideration. On 26 June 2023, DDH1 announced the Scheme to the ASX. A copy of the Scheme is set out in Annexure A. If the Scheme is implemented: • Scheme Shareholders will receive the Scheme Consideration, as applicable; and • DDH1 will become a wholly-owned Subsidiary of Perenti and will apply to the ASX for termination of official quotation of DDH1 Shares and to have itself removed from the official list of the ASX on the Business Day following the Implementation Date. Please refer to Section 1 for a summary of the Scheme.
What is a "scheme of arrangement"?	A "scheme of arrangement" is a statutory procedure that can be used, among other things, as a means of implementing an acquisition of securities under the Corporations Act. To be implemented, a scheme of arrangement must be approved by at least 75% of the votes cast at a meeting of shareholders and by a majority in number (more than 50%) of the shareholders present and voting at that meeting (unless the Court orders otherwise), and also requires Court approval.
Who is entitled to participate in the Scheme?	You will be entitled to participate in the Scheme if you are registered as a Scheme Shareholder (holding Scheme Shares) on the Record Date.
What happens if the Scheme is not implemented?	If the Scheme is not implemented, DDH1 Shareholders will not receive the Scheme Consideration and DDH1 will continue to operate as a stand-alone entity, and remain listed on the ASX.
OVERVIEW OF PERENTI	
Who is Perenti?	Perenti is an ASX-listed diversified global mining services group headquartered in Perth, Australia with interests in contract mining, mining support services and future technology solutions. Perenti is one of the world's largest mining services companies, providing both surface and underground mining at scale. The company operates across four continents with a workforce of more than 9,000 employees. Perenti's focus is to create enduring value and certainty for its investors, clients, employees and the communities in which it operates. Perenti comprises three divisions: • Contract Mining Division, which is a global leader in hard-rock underground and surface mining; • Mining Services Division, which is a portfolio of specialised, lower capital intensity businesses predominantly working with clients across the mining sector; and • idoba, which is a technology informed services business that provides digital, technology and consulting services. Please refer to Section 5 for further information in relation to Perenti.

QUESTION	ANSWER
OVERVIEW OF THE COMBINED GROUP	
What is the Combined Group?	If the Scheme is implemented, DDH1 will become a wholly-owned subsidiary of Perenti. Perenti will form a new Drilling Services Division, which will house DDH1's established brands, being DDH1 Drilling, Ranger Drilling, Strike Drilling, and Swick Mining Services. This division will also incorporate Perenti's "Ausdrill" drilling services business. This new Drilling Services Division will be led by Sy Van Dyk, the current Managing Director and CEO of DDH1. The DDH1 brands will each retain their general management teams, allowing them to continue to operate efficiently, and will also leverage off Perenti's idoba platform and Contract Mining customers. The Combined Group will create a leading global contract mining services player, with deep capabilities across drilling services, contract mining and mining services with a technology driven service offering. Information in relation to the Combined Group is contained in Section 6.
What are Perenti's intentions in relation to the Combined Group if the Scheme proceeds?	If the Scheme is implemented, a new Drilling Services Division comprising of the DDH1 business and Perenti's existing Ausdrill business will be created with Sy Van Dyk, the current Managing Director & CEO of DDH1, to be appointed as the President of the new division. It is otherwise intended that the Combined Group will continue to operate the business of Perenti and DDH1 in a similar manner as they are currently operating, while focusing on the realisation of the identified Combined Group expected synergies. See Section 6.4 for further information on the intentions of Perenti and the Combined Group.
Who will the directors and senior management of the Combined Group be?	If the Scheme is implemented, it is intended that the Combined Group Board will comprise of: • Mark Norwell (Managing Director and CEO); • Robert Cole (Non-Executive Chair); • Alex Atkins (Non-Executive Director); • Andrea Hall (Non-Executive Director); • Tim Longstaff (Non-Executive Director); • Craig Laslett (Non-Executive Director); • Diane Smith-Gander AO (Non-Executive Director); and • Andrea Sutton (Non-Executive Director). Diane Smith-Gander and Andrea Sutton will be appointed to the Perenti Board on the later of the implementation of the Scheme, or the Business Day after the 2023 annual general meeting of Perenti Shareholders. If the Scheme is implemented, it is anticipated that Mr Sy Van Dyk (current Managing Director and Chief Executive Officer of DDH1) will be appointed as President of the newly-created Drilling Services Division. The DDH1 brands will retain their general management teams, and Perenti's existing management team will remain in their existing roles.
Who will the substantial shareholders of the Combined Group be?	If the Scheme is implemented, the holders of Relevant Interests in 5% or more of the Perenti Shares will be:[9] • Oaktree, with a voting power of approximately 5.92%; and • First Sentier Investors Holdings Pty Limited and Mitsubishi UFJ Financial Group, Inc., each with a voting power of approximately 5.16%.

9 Based on publicly released substantial holder notices as at the Last Practicable Date, the assumptions and qualifications described in Section 6.5 and the assumption that the relevant DDH1 Shareholders receive the Standard Consideration.

2. FREQUENTLY ASKED QUESTIONS CONTINUED

QUESTION	ANSWER
THE SCHEME CONSIDERATION	
Am I eligible to receive the Scheme Consideration?	If you hold Scheme Shares on the Record Date, you will participate in the Scheme and be paid any Scheme Consideration to which you are entitled under, and in accordance with, your Election (as applicable) and the terms of the Scheme.
What consideration will I receive if the Scheme is implemented?	If the Scheme is implemented, Scheme Shareholders (other than Ineligible Overseas Shareholders and Non-Rollover Unmarketable Parcel Shareholders) will be entitled to receive the Standard Consideration for each Scheme Share held on the Record Date, being: • $0.1238 in cash; and • 0.7111 New Perenti Shares, or, if DDH1 or Perenti declares or pays a FY23 final dividend, an adjusted number of New Perenti Shares as set out in Section 1.6, unless a different Consideration Election is made. Scheme Shareholders will receive the Scheme Consideration subject to any Consideration Election by that Scheme Shareholder. Scheme Shareholders (other than Ineligible Overseas Shareholders) can Elect to receive the Scheme Consideration in the form of either the Standard Consideration, the Maximum Scrip Consideration, or the Maximum Cash Consideration. The Maximum Cash Consideration and Maximum Scrip Consideration will be subject to adjustment in the event that DDH1 and/or Perenti declare or pay a FY23 final dividend, and adjustment for Scaleback Arrangements. See Sections 1.5 and 1.6 for further information in relation to the Scheme Consideration and the Election mechanism.
How do I make a Consideration Election?	A Consideration Election may be made by a Scheme Shareholder (other than Ineligible Overseas Shareholders) by completing and returning the Consideration Election Form in accordance with the instructions specified on the Consideration Election Form, so that it is received by the Share Registry no later than the Election Date, being 5.00pm (AWST) on 12 September 2023. See Section 1.6 and the Consideration Election Form for further information in relation to making an Election.
Can I change my Consideration Election?	Scheme Shareholders (other than Ineligible Overseas Shareholders) may subsequently withdraw and amend a Consideration Election by lodging a signed Consideration Election Withdrawal / Amendment Form, provided it is received by the Share Registry no later than the Election Date. A Consideration Election Withdrawal / Amendment Form can be obtained by contacting the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays). See Section 1.6 and the Consideration Election Withdrawal / Amendment Form for further information in relation to making an Election.
What happens if I do not make a Consideration Election before the Election Date?	Scheme Shareholders who do not make a valid Consideration Election, or whose Consideration Election is not received by the Share Registry by the Election Date, will be deemed to have Elected the Standard Consideration. See Section 1.6 and the Consideration Election Form for further information in relation to making a Consideration Election.
If I am not sure how I want to vote, should I return my Consideration Election Form anyway?	Yes. Regardless of how you intend to vote (or whether you intend to vote at all), you should return a completed Consideration Election Form so that it is received by DDH1 no later than the Election Date, unless you wish to receive the Standard Consideration. See Section 1.6 and the Consideration Election Form for further information in relation to making an Election.

QUESTION	ANSWER
How do I make separate Elections if I hold one or more parcels of DDH1 Shares as trustee, nominee, or otherwise on account of, another person?	If you hold one or more parcels of DDH1 Shares as trustee or nominee for, or otherwise on account of, another person, you may establish separate and distinct holdings for each of your beneficiaries and make individual Elections for each holding. However, you may not accept instructions from a beneficiary to make an Election unless it is in respect of all parcels of DDH1 Shares held by you on behalf of that beneficiary. Trustees or nominees who would like further information on how to make separate Elections in relation to aggregate parcels of Scheme Shares should contact the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays). See Section 1.6 and the Consideration Election Form for further information in relation to making an Election.
Which Scheme Consideration should I choose?	When considering an Election, DDH1 Shareholders should consider their personal tax position and other circumstances and seek advice from their legal, financial or other professional adviser.
What am I choosing if I Elect for the Maximum Cash Consideration?	If a Scheme Shareholder has made a Maximum Cash Election before the Election Date, that Scheme Shareholder will be entitled to receive the Maximum Cash Consideration for the Scheme Shares they hold at the Record Date, subject to adjustment in the event that DDH1 and/or Perenti declare or pay a FY23 final dividend, and adjustment for Scaleback Arrangements. This means, Scheme Shareholders who make a Maximum Cash Election will either receive: • the all cash consideration outlined in Section 1.6 (known as the **Full Cash Consideration**), and no New Perenti Shares (only in circumstances where the total Available Cash Consideration exceeds or is equal to the Aggregate Maximum Cash Elections); or • a mix of cash and New Perenti Shares as outlined in Section 1.6, with the aggregate cash component representing a higher proportion of their Scheme Consideration, and the aggregate scrip component representing a smaller proportion, as compared to the Standard Consideration (in circumstances where the total Available Cash Consideration is less than the Aggregate Maximum Cash Elections).See Section 1.6 and the Consideration Election Form for further information in relation to making an Election.
What am I choosing if I Elect for the Maximum Scrip Consideration?	If a Scheme Shareholder has made a Maximum Scrip Election before the Election Date, that Scheme Shareholder will be entitled to receive the Maximum Scrip Consideration for the Scheme Shares they hold at the Record Date, subject to adjustment in the event that DDH1 and/or Perenti declare or pay a FY23 final dividend, and adjustment for Scaleback Arrangements. This means, Scheme Shareholders who make a Maximum Scrip Election will either receive: • the all-scrip consideration outlined in Section 1.6 (known as the **Full Scrip Consideration**), and no cash (only in circumstances where total Available Cash Consideration is less than or equal to the Aggregate Maximum Cash Elections); or • a mix of cash and New Perenti Shares as outlined in Section 1.6, with the aggregate scrip component representing a higher proportion of their Scheme Consideration, and the aggregate cash component representing a smaller proportion, as compared to the Standard Consideration (in circumstances where the total Available Cash Consideration exceeds the Aggregate Maximum Cash Elections). See Section 1.6 and the Consideration Election Form for further information in relation to making an Election.

2. FREQUENTLY ASKED QUESTIONS CONTINUED

QUESTION	ANSWER
Is there a cash cap and what is the Available Cash Consideration?	Yes, the Cash Consideration Pool is capped at $50,010,901.67. The Available Cash Consideration means the Cash Consideration Pool minus the aggregate cash consideration payable under the Scheme to all Scheme Shareholders who make a Standard Consideration Election. The cash and/or scrip components of the Scheme Consideration that Scheme Shareholders will receive will be adjusted based on (among other things) whether the aggregate Elections of all Scheme Shareholders amount to more or less than the Available Cash Consideration. In other words, if the Available Cash Consideration is not sufficient to satisfy all Elections, the Scaleback Arrangements will apply. See *What are the "Scaleback Arrangements"?* below for further information.
What are the Aggregate Maximum Cash Elections?	The Aggregate Maximum Cash Elections means the aggregate of the Full Cash Consideration payable under the Scheme (before the operation of the Scaleback Arrangements) to Scheme Shareholders who validly make a Maximum Cash Election.
What are the advantages and disadvantages of making a Maximum Cash Consideration Election?	The advantages are: • certainty of value of the consideration received; and • provides immediate liquidity. The disadvantages are: • certain Scheme Shareholders may realise an immediate capital gains tax liability (see Section 10 (Australian tax implications of the Scheme) for further details about the general Australian tax consequences for both Australian and foreign tax resident Scheme Shareholders); and • Scheme Shareholders forego the opportunity to benefit from the growth prospects of the Combined Group for the portion of cash consideration they receive.
What are the advantages and disadvantages of making a Maximum Scrip Consideration Election?	The advantages are: • Scheme Shareholders have the opportunity to benefit from the growth prospects of the Combined Group; and • certain Scheme Shareholders may obtain capital gains tax scrip-for-scrip rollover relief (see Section 10 (Australian tax implications of the Scheme) for further details about the general Australian tax consequences for both Australian and foreign tax resident Scheme Shareholders). The disadvantages are: • uncertainty of the value of the consideration received; and • general risk factors associated with holding shares.
What are the "Scaleback Arrangements"?	Elections for the Maximum Scrip Consideration or the Maximum Cash Consideration will be subject to Scaleback Arrangements based on a total Cash Consideration Pool of $50,010,901.67. Where the total Available Cash Consideration exceeds the Aggregate Maximum Cash Elections, Scheme Shareholders who have Elected to receive Maximum Scrip Consideration will, in effect, have the aggregate scrip component of their Scheme Consideration scaled back and will receive an additional cash component instead. Where the total Available Cash Consideration is less than the Aggregate Maximum Cash Elections, Scheme Shareholders who have Elected to receive Maximum Cash Consideration will, in effect, have the aggregate cash component of their Scheme Consideration scaled back and will receive an additional scrip component instead. The Maximum Cash Consideration and Maximum Scrip Consideration will therefore depend on the Consideration Elections made by all other Scheme Shareholders. Scheme Shareholders who Elect to receive Maximum Cash Consideration or Maximum Scrip Consideration will not know the precise combination of cash and/or New Perenti Shares they will receive until after they are required to vote on the Scheme and make their Election. However, DDH1 will announce to ASX the indicative calculations as to the operation of the Scaleback Arrangements, based on the Consideration Elections received on or before the Election Date. This announcement is currently expected to be made on 13 September 2023. See Section 1.6 and the Consideration Election Form for further information in relation to making a Consideration Election and the Scaleback Arrangements.

QUESTION	ANSWER
How will fractional entitlements be treated?	If the number of Scheme Shares held by a Scheme Shareholder on the Record Date is such that the aggregate entitlement of that Scheme Shareholder to Scheme Consideration results in a fractional entitlement to a New Perenti Share, or an entitlement to a cash amount involving a fraction of a cent arises, then the aggregate entitlement of that Scheme Shareholder must be rounded up or down, with any such fractional entitlement of less than half a New Perenti Share or half a cent (as the case may be) being rounded down and any such fractional entitlement of half a New Perenti Share or half a cent (as the case may be) or more being rounded up.
Who is an Unmarketable Parcel Shareholder?	A Scheme Shareholder (who is not an Ineligible Overseas Shareholder) will be an Unmarketable Parcel Shareholder where, based on: • their holding of Scheme Shares on the Record Date; • their Election; and • the operation of the Scaleback Arrangements (if applicable), they would, on implementation of the Scheme, be entitled to receive a parcel of New Perenti Shares worth less than $500 (assessed by reference to the price of Perenti Shares on ASX at the close of trade on the trading day prior to the Record Date).
What if I am likely to be an Unmarketable Parcel Shareholder?	Scheme Shareholders who believe they may prove to be Unmarketable Parcel Shareholders may, in addition to making a Consideration Election, make an election (being an **Unmarketable Parcel Rollover Election**) not to have the scrip component of their Scheme Consideration sold under the nominee sale process described in Section 1.7. An Unmarketable Parcel Rollover Election may be made by an Unmarketable Parcel Shareholder by completing and returning the UMP Election Form in accordance with the instructions specified in the UMP Election Form so that it is received by the Share Registry no later than the Election Date, being 5.00pm (AWST) on 12 September 2023. Unmarketable Parcel Shareholders may subsequently withdraw an Unmarketable Parcel Rollover Election by lodging a signed UMP Election Withdrawal Form, provided that it is received by the Share Registry no later than the Election Date. Unmarketable Parcel Shareholders can obtain an UMP Election Withdrawal Form by contacting the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays). If a Scheme Shareholder submits an UMP Election Form but ultimately does not prove to be an Unmarketable Parcel Shareholder, their UMP Election Form will be disregarded. See Sections 1.6(f) and 1.7 for further information.
What happens if I am likely to be an Unmarketable Parcel Shareholder and I do not make an Unmarketable Parcel Rollover Election before the Election Date?	Unmarketable Parcel Shareholders who do not make an Unmarketable Parcel Rollover Election before the Election Date will be deemed **Non-Rollover Unmarketable Parcel Shareholders**. Although Non-Rollover Unmarketable Parcel Shareholders may make a Consideration Election, they will not be issued any New Perenti Shares, and will instead participate in the nominee sale process to the extent (if any) they would otherwise have been issued New Perenti Shares. Under the nominee sale process, the New Perenti Shares to which the Unmarketable Parcel Shareholder would otherwise have been entitled will be issued directly to the Perenti-appointed nominee. The nominee will, as soon as practicable after the Implementation Date, sell the New Perenti Shares and remit the sale proceeds to Perenti, who will then remit to the Unmarketable Parcel Shareholder the sale proceeds to which they are entitled (less any applicable fees and costs). See Sections 1.6(f) and 1.7 and the UMP Election Form for further information in relation to making a Consideration Election.
Who is an Ineligible Overseas Shareholder?	A Scheme Shareholder will be an Ineligible Overseas Shareholder where their address shown in the DDH1 Share Register on the Record Date is a place outside Australia (and its external territories) and New Zealand, unless Perenti determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New Perenti Shares.

2. FREQUENTLY ASKED QUESTIONS CONTINUED

QUESTION	ANSWER
What if I am an Ineligible Overseas Shareholder?	Ineligible Overseas Shareholder can still participate in the Scheme, however they will not receive any New Perenti Shares. Any New Perenti Shares to which they would be entitled, but for the fact they are Ineligible Overseas Shareholders, will be sold under the nominee sale process described in section 1.7, with the sale proceeds remitted to the Ineligible Overseas Shareholders (less applicable fees and costs).
When will I receive the Scheme Consideration?	If the Scheme becomes Effective, the Scheme Consideration will be paid to Scheme Shareholders on the Implementation Date, which is currently expected to occur on 6 October 2023. If the Conditions are not satisfied or waived (as applicable), the Scheme will not be implemented and the Scheme Consideration will not be paid.
Will I have to pay brokerage fees or stamp duty?	No brokerage or stamp duty will be payable on the disposal of your Scheme Shares under the Scheme.
When and how will I receive the Scheme Consideration?	Scheme Shareholders will be paid the Scheme Consideration on the Implementation Date. The cash component of the Scheme Consideration will be transferred by DDH1 from a trust account operated by DDH1 or the Share Registry as trustee for the Scheme Shareholders to each Scheme Shareholder in the amount of cash (if any) to which the Scheme Shareholder is entitled to receive under the Scheme. Scheme Shareholders that have, before the Record Date, elected to receive dividend payments from DDH1 by electronic funds transfer to their nominated bank account (in accordance with the requirements of the DDH1 Share Registry) will receive the cash component of the Scheme Consideration by electronic means in accordance with that election. Otherwise, if an electronic funds transfer election has not been made, Scheme Shareholders will receive the cash component of the Scheme Consideration by cheque, sent by prepaid post to their Registered Address. The scrip component of the Scheme Consideration will be issued to Scheme Shareholders entitled to receive New Perenti Shares under the Scheme by Perenti on the Implementation Date. Perenti will enter the name and address of each such Scheme Shareholder in the Perenti Share Register and provide holding statements to each Scheme Shareholder for the New Perenti Shares issued to them. Perenti will also issue to the nominee appointed by Perenti such number of New Perenti Shares that are attributable to the Ineligible Overseas Shareholders or Non-Rollover Unmarketable Parcel Shareholders, and enter the name and address of the nominee in the Perenti Share Register in respect of those New Perenti Shares. For more information about payment of the Scheme Consideration, please refer to Sections 1.9 and 1.10.
How is Perenti funding the Scheme Consideration?	Perenti intends to fund the cash component of the Scheme Consideration through existing cash reserves and, if required, drawing on its revolving credit facility; and the scrip component of the Scheme Consideration by the issue of approximately 287.3 million Perenti Shares.[10] For more information about Perenti's funding arrangements, please refer to Section 5.8.
What are the tax consequences of the Scheme for me?	Please refer to Section 10 for further details about the general Australian tax consequences for both Australian and foreign tax resident Scheme Shareholders. That Section is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any Scheme Shareholder. You should consult with your own tax adviser regarding the consequences of receiving the Scheme Consideration and disposing of your Scheme Shares to Perenti in accordance with the Scheme in light of current Tax Laws and your particular circumstances.

10 Refer to Section 5.8(c) regarding the basis on which this figure was calculated, including the assumptions to which it is subject.

QUESTION	ANSWER
DIVIDENDS	
Will I receive dividends for the period ended 30 June 2023?	As a holder of DDH1 Shares on the Record Date, you will be entitled to receive any fully franked dividend per DDH1 Share declared for the period ended 30 June 2023.
What is the DDH1 Permitted Dividend?	The DDH1 Permitted Dividend means a fully franked dividend per DDH1 Share, which is permitted under the Scheme Implementation Agreement, not exceeding $15 million in aggregate, declared and/or paid by DDH1 in the ordinary course in respect of the period ending 30 June 2023, provided that the declaration and payment of such dividend complies with the requirements of the Scheme Implementation Agreement.
Will the final dividend paid by DDH1 reduce the Scheme Consideration?	If declared or paid, the Scheme Consideration will be adjusted according to the cash value of the fully franked DDH1 Permitted Dividend per DDH1 Share not exceeding $15 million in aggregate, for the financial year ending on 30 June 2023.
Will I receive any further dividends from DDH1?	As a holder of DDH1 Shares on the Record Date, you will be entitled to receive the DDH1 Permitted Dividend in relation to FY23. If the Scheme is implemented, however, no further dividends will be paid by DDH1 prior to the date of implementation.
What is the Perenti Permitted Dividend?	The Perenti Permitted Dividend means a fully franked dividend per Perenti Share not exceeding $20 million in aggregate, declared or paid by Perenti in the ordinary course in respect of the period ending 30 June 2023, provided that if Perenti decides to pay such a dividend, the declaration and payment of the dividend complies with the requirements of the Scheme Implementation Agreement.
SCHEME MEETING AND VOTING	
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at 1.00pm (AWST) on 18 September 2023 at the Parmelia Hilton Perth, Stirling Room, 14 Mill Street, Perth WA 6000. The Scheme Meeting will simultaneously be held electronically. DDH1 Shareholders and their proxies, attorneys or corporate representatives will be able to attend the Scheme Meeting in person or participate in the Scheme Meeting electronically. DDH1 strongly encourages DDH1 Shareholders to lodge a directed proxy in the event they are not able to attend the Scheme Meeting in person or participate in the electronic Scheme Meeting. Further details of the Scheme Meeting, including how to vote, are contained in Section 3. The Notice of Scheme Meeting is contained in Annexure D.
What is an electronic meeting and how does it work?	In addition to being held at the Parmelia Hilton Perth, the Scheme Meeting will also be conducted virtually via an online platform at https://meetnow.global/MXAKMFZ, which can be accessed from desktops, laptops, mobiles and tablets. The online platform enables participants to listen to the Scheme Meeting live, view slides and ask questions verbally or via a live text facility and vote on the Scheme Resolution in real time.
What am I being asked to vote on at the Scheme Meeting?	At the Scheme Meeting, you are being asked to vote on whether to approve the Scheme by voting in favour, or against, the Scheme Resolution. The text of the Scheme Resolution is contained in the Notice of Scheme Meeting set out in Annexure D.

2. FREQUENTLY ASKED QUESTIONS CONTINUED

QUESTION	ANSWER
What vote is required to approve the Scheme?	For the Scheme to be approved by DDH1 Shareholders, votes in favour of the Scheme Resolution must be received from: • unless the Court orders otherwise, a majority in number (more than 50%) of DDH1 Shareholders present and voting at the Scheme Meeting (either in person, by proxy or attorney or in the case of corporate DDH1 Shareholders, by a duly appointed corporate representative); and • at least 75% of the total number of votes cast on the Scheme Resolution by DDH1 Shareholders at the Scheme Meeting. If the Scheme is approved by DDH1 Shareholders at the Scheme Meeting, the Scheme will still be subject to the approval of the Court and the other Conditions being satisfied or waived (as applicable).
What happens if the Scheme is approved by DDH1 Shareholders?	If the Scheme is approved by the Requisite Majorities at the Scheme Meeting, the Scheme will be implemented if the Scheme is approved by the Court and all other Conditions are satisfied or waived (as applicable).
Am I entitled to vote at the Scheme Meeting?	The time for determining eligibility of registered DDH1 Shareholders to vote at the Scheme Meeting is 1.00pm (AWST) on 16 September 2023. Only those DDH1 Shareholders entered on the DDH1 Share Register at that time will be entitled to attend and vote at the Scheme Meeting.
How do I vote?	Please refer to Section 3 for detailed information on how to vote on the Scheme Resolution.
Should I vote at the Scheme Meeting?	Voting is not compulsory. However, the DDH1 Directors believe that the Scheme is important to all DDH1 Shareholders. The DDH1 Directors and the Independent Board Committee unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.
What happens if I do not vote, or I vote against the Scheme?	The Scheme may not be approved at the Scheme Meeting by the Requisite Majorities of DDH1 Shareholders. If this occurs, the Scheme will not be implemented, you will not receive the Scheme Consideration and you will remain a DDH1 Shareholder. However, if you do not vote or if you vote against the Scheme, the Scheme will still become binding on all Scheme Shareholders if the Scheme is approved by the Requisite Majorities of DDH1 Shareholders, the Court approves the Scheme and all other Conditions are satisfied or waived (as applicable).
What happens if the Scheme Resolution is not approved at the Scheme Meeting?	In order for the Scheme to be implemented, the Scheme must be approved by DDH1 Shareholders. If the Scheme is not approved at the Scheme Meeting, the Scheme will not be implemented. If the Scheme is not implemented, DDH1 Shareholders will retain their DDH1 Shares, DDH1 will continue to operate as a stand-alone entity listed on the ASX and DDH1 Shareholders will not receive the Scheme Consideration. In such circumstances, DDH1 will continue to focus on its current business plan and growth strategy. DDH1 Shareholders will remain exposed to the risks of DDH1, as discussed in Section 7. If the Scheme is not implemented and if no Superior Proposal emerges, the trading price of DDH1 Shares may fall from current levels.
When will the results of the Scheme Meeting be available?	The results of the Scheme Meeting will be declared at the Scheme Meeting and will be announced publicly shortly after the conclusion of the Scheme Meeting.
Are any other approvals required?	For the Scheme to be implemented, the Scheme must be approved by the Court, and all other Conditions must be satisfied or waived (as applicable). If the Scheme is approved by the Requisite Majorities of DDH1 Shareholders at the Scheme Meeting, DDH1 will apply to the Court for approval of the Scheme. The Court hearing for approval of the Scheme is expected to be held on 26 September 2023.

<table>
<tr><th>QUESTION</th><th>ANSWER</th></tr>
<tr><td colspan="2">VOTING CONSIDERATIONS</td></tr>
<tr><td>Who are the DDH1 Directors and what do they recommend?</td><td>The DDH1 Directors are:
Diane Smith-Gander — Chairperson and Independent Non-Executive Director;
Alan Broome — Independent Non-Executive Director;
Andrea Sutton — Independent Non-Executive Director;
Murray Pollock — Non-Executive Director;
Byron Beath — Non-Executive Director; and
Sy Van Dyk — Managing Director and CEO.
After carefully considering the expected advantages and potential disadvantages of the Scheme, the DDH1 Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.

You should note that, when considering this recommendation, Mr Sy Van Dyk, Managing Director and CEO of DDH1, will be receiving a benefit if the Scheme proceeds (see Section 11.5). As at the Last Practicable Date, Mr Van Dyk holds 758,202 DDH1 Performance Rights that will, in accordance with the Scheme, vest on or before the Record Date, resulting in the issue of 758,202 DDH1 Shares to Mr Van Dyk (see Sections 1.12, 4.5 and 11.1 for further information). As at the Last Practicable Date, Mr Van Dyk also holds 4,625,000 DDH1 Loan Shares with an outstanding loan balance of $1,684,954 (see Sections 4.6 and 11.1 for further information). In respect of these DDH1 Loan Shares, if the Scheme is implemented, rather than the Scheme triggering repayment of the loan within 3 business days of implementation, it is proposed that Perenti will enter into a DDH1 Loan Share Deed with Mr Van Dyk on substantially the same terms as the existing loan agreement terms (see Section 4.6 for further information). In addition, if the Scheme is implemented, it is proposed that Mr Van Dyk and a Perenti Group member enter into an executive services agreement for total remuneration consistent with his existing arrangements with the DDH1 Group (see Section 11.5 for further information).

Despite this interest in the outcome of the Scheme, Mr Van Dyk considers that, given the importance of the Scheme, and his role as CEO of DDH1, it is important and appropriate for him to provide a recommendation to DDH1 Shareholders in relation to voting on the Scheme. Additionally, the DDH1 Board (excluding Mr Van Dyk) also considers that it is appropriate for Mr Van Dyk to make a recommendation on the Scheme given his role in the management and operations of DDH1.

You should further note when considering this recommendation that, if the Scheme is implemented, Ms Diane Smith-Gander, Chairperson and Independent Non-Executive Director of DDH1, and Ms Andrea Sutton, Independent Non-Executive Director of DDH1, will be appointed as Non-Executive Directors of Perenti on terms consistent with Perenti's existing remuneration policy (see Sections 6.3(d) and 11.5).

You should also note that, Mr Murray Pollock, Non-Executive Director of DDH1, has a Relevant Interest in the DDH1 Shares held by substantial shareholder, Western Alloys Pty Ltd as trustee for the Westall Investment Trust (see Sections 4.5 and 11.5 for further information).</td></tr>
<tr><td>Who is on the Independent Board Committee and why was it formed?</td><td>The Independent Board Committee was formed following initial engagement by Perenti regarding the Transaction.

The Independent Board Committee is comprised of DDH1's three Independent Directors, being Ms Diane Smith-Gander, Ms Andrea Sutton, and Mr Alan Broome, together with the Managing Director & CEO, Mr Sy van Dyk.

The Independent Board Committee was formed to consider the Scheme independent of those DDH1 Directors who control significant numbers of DDH1 Shares.</td></tr>
</table>

QUESTION	ANSWER
What does the Independent Board Committee recommend?	After carefully considering the expected advantages and potential disadvantages of the Scheme, the Independent Board Committee unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.
How do your DDH1 Directors intend to vote?	Each DDH1 Director intends to cause any DDH1 Shares in which he or she has a Relevant Interest to be voted in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders. As at the Last Practicable Date, each DDH1 Director has a Relevant Interest in the following number of DDH1 Shares: • Diane Smith-Gander: 147,629; • Murray Pollock: 47,419,961; • Byron Beath: nil; • Alan Broome: 45,455; • Andrea Sutton: 95,455; and • Sy Van Dyk: 4,965,886. As at the Last Practicable Date, the number of DDH1 Performance Rights held by or on behalf of each DDH1 Director are as follows: • Sy Van Dyk: total of 758,202 Performance Rights, comprising: — 204,545 Performance Rights (unlisted) subject to performance conditions over the period 1 July 2020 to 30 June 2023; — 204,545 Performance Rights (unlisted) subject to performance conditions over the period 1 July 2021 to 30 June 2024; and — 349,112 Performance Rights (unlisted) subject to performance conditions over the period 1 July 2022 to 30 June 2025. As at the Last Practicable Date, the number of DDH1 Employee Shares held by or on behalf of each DDH1 Director are as follows: • 909 ordinary shares issued under the Employee Share Plan and subject to a 3-year Restriction Period expiring 5 March 2024, held by custodian and bare trustee, Citicorp Nominees Pty Limited, for the benefit of Sy Van Dyk. Please refer to Section 11 for further details of the interests of the DDH1 Directors. Please refer to Section 1.12 for details regarding the treatment of DDH1 Performance Rights if the Scheme is implemented and Section 4.5(b) for details of the DDH1 Performance Rights on issue. Please refer to Section 1.13 for details regarding the treatment of DDH1 Employee Shares if the Scheme is implemented and Section 4.5(c) for details of the DDH1 Employee Shares on issue.
Voting Intention Statements	In addition to Director Voting intention statements, DDH1 Shareholders collectively representing 24.9% of DDH1 Shares on issue (being Oaktree (and Associates), Matthew Izett (and Associates), Richard Bennett (and Associates), and Kent Swick (and Associates)) have provided a voting intention statement to support the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.
What is the Independent Expert's conclusion?	The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of DDH1 Shareholders in the absence of a Superior Proposal. A copy of the Independent Expert's Report, including the reasons for the Independent Expert's conclusion, is set out in Annexure B. The DDH1 Directors encourage you to read the Independent Expert's Report in its entirety before making a decision as to whether or not to vote in favour of the Scheme Resolution.

QUESTION	ANSWER
What if the Independent Expert changes its opinion?	If the Independent Expert changes its opinion, this will be announced to the ASX and the DDH1 Directors will carefully consider the Independent Expert's revised opinion and advise you of their recommendation.
What are the reasons to vote in favour of the Scheme?	The reasons to vote in favour of the Scheme Resolution are set out in the "Reasons to vote in favour of the Scheme" Section on pages 10 to 14.
What are the possible reasons not to vote in favour of the Scheme?	The possible reasons not to vote in favour of the Scheme Resolution are set out in the "Reasons to vote against the Scheme" Section on pages 15 to 16.

CONDITIONS AND IMPLEMENTATION OF THE SCHEME

Is the Scheme subject to any Conditions?	The implementation of the Scheme is subject to a number of conditions. The Conditions are summarised in Section 8.2 and set out in full in clause 3.1 of the Scheme Implementation Agreement (a copy of which is available for download from http://www.investorvote.com.au (Control Number: 182792)) and clause 2.1 of the Scheme in Annexure A. As at the date of this Scheme Booklet, the Conditions (which must be satisfied or waived, as applicable) include: • the Scheme being approved by Scheme Shareholders at the Scheme Meeting; • the Scheme being approved by the Court at the Second Court Hearing; • all regulatory approvals necessary to implement the Scheme being granted; • no regulatory or legal restraints preventing or materially adversely affecting the Scheme; • the Independent Expert does not change or publicly withdraw its conclusion that the Scheme is in the best interests of DDH1 Shareholders; • the Material Change of Control Contracts Condition being satisfied; • the form of the DDH1 Loan Share Deed is agreed between DDH1 and Perenti and Perenti has executed each DDH1 Loan Share Deed; • no DDH1 Material Adverse Change or Perenti Material Adverse Change occurring; • no DDH1 Prescribed Occurrence or Perenti Prescribed Occurrence occurring; • each DDH1 Warranty and Perenti Warranty is true and correct in all material respects as at the time they are given or made; • ASX providing DDH1 with acceptable comfort that the New Perenti Shares to be issued to Scheme Shareholders pursuant to the Scheme are likely to be approved for official quotation by ASX.
When will the Scheme become Effective?	The Scheme will become Effective on the date on which the Court order approving the Scheme is lodged with ASIC. The Scheme is currently expected to become Effective on 27 September 2023.
When will the Scheme be implemented?	If the Scheme becomes Effective, the Scheme will be implemented on the Implementation Date (being the fifth Business Day after the Record Date), which is currently expected to be 6 October 2023.
What happens if the Scheme is approved at the Scheme Meeting, but is not approved by the Court?	If the Scheme is approved at the Scheme Meeting but is not approved by the Court, the Scheme will not be implemented. This means that DDH1 Shareholders will retain their DDH1 Shares, DDH1 will continue to operate as a stand-alone entity listed on the ASX and DDH1 Shareholders will not receive the Scheme Consideration. In such circumstances, DDH1 will continue to focus on its current business plan and growth strategy. DDH1 Shareholders will remain exposed to the risks of DDH1, as discussed in Section 7. If the Scheme is not implemented and if no Superior Proposal emerges, the trading price of DDH1 Shares may fall from current levels.

2. FREQUENTLY ASKED QUESTIONS CONTINUED

QUESTION	ANSWER
OTHER	
Can I keep my DDH1 Shares?	If the Scheme is implemented, your DDH1 Shares will be transferred to Perenti. This will happen even if you did not vote at all or if you voted against the Scheme Resolution at the Scheme Meeting.
Can I sell my DDH1 Shares now?	You can sell your DDH1 Shares on market at any time before close of trading on the ASX on the Effective Date. However, if you do so you will receive the prevailing on-market price set at the time of sale, which may not be the same value as the Scheme Consideration, and you may be required to pay brokerage. DDH1 intends to apply to the ASX for DDH1 Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date. You will not be able to sell your DDH1 Shares on market after this time.
What choices do I have as a DDH1 Shareholder?	As a DDH1 Shareholder you have the following choices: • support the Scheme by voting in favour of the Scheme Resolution at the Scheme Meeting; • not support the Scheme by voting against the Scheme Resolution at the Scheme Meeting; • sell your DDH1 Shares on the ASX; or • do nothing.
What do I do if I oppose the Scheme?	If you, as a DDH1 Shareholder, oppose the Scheme, you should: • contact the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays); • attend the Scheme Meeting and vote against the Scheme Resolution; and/or • if DDH1 Shareholders approve the Scheme at the Scheme Meeting and you wish to appear at the Second Court Hearing and oppose the approval of the Scheme, file with the Court and serve on DDH1 a notice of appearance, in the prescribed form, together with any affidavit on which you wish to rely at the hearing. Please refer to the "Important notices" section for further details under the heading "Notice of Second Court Hearing and if a DDH1 Shareholder wishes to oppose the Scheme" on page iii.
When will DDH1 Shares cease trading on the ASX?	Provided the Scheme becomes Effective, suspension of trading in DDH1 Shares on the ASX is expected to occur from close of trading on the Effective Date. This is currently expected to occur on 27 September 2023.
What are the potential risks associated with DDH1 if the Scheme is not implemented?	If the Scheme is not implemented, the risks outlined in Section 7 will continue to be relevant to the future operating and financial performance of DDH1 and the value of DDH1 Shares.
Do I need to sign anything to transfer my Scheme Shares?	No. If the Scheme becomes Effective, DDH1 will automatically have authority to sign a transfer on your behalf, and the Scheme Consideration will be transferred to you.
Am I required to give any assurances by participating in the Scheme?	Under the Scheme, you are deemed to have warranted to Perenti that: • all your Scheme Shares (including any rights and entitlements attaching to those shares) will, at the date of transfer of them to Perenti, be fully paid and free from all Encumbrances and from any restrictions on transfer of any kind; • you have full power and capacity to sell and to transfer your DDH1 Shares together with any rights and entitlements attaching to such shares to Perenti under the Scheme; and • you have no right (whether conditional or not) to be issued any shares or other securities in DDH1 or any of its Subsidiaries. Please refer to Section 8.5 for further information on this warranty.
What will happen to the DDH1 Performance Rights?	Under the Scheme Implementation Agreement, by 8.00 am on the Second Court Date, DDH1 must procure that all DDH1 Performance Rights on issue at the time the Scheme becomes Effective will vest and will result in the issue of DDH1 Shares on or before the Record Date. Please refer to Section 1.12 for further details about the treatment of DDH1 Performance Rights.

QUESTION	ANSWER
Under what scenarios can DDH1 or Perenti terminate the Transaction?	The Transaction can be terminated by DDH1 or Perenti in certain circumstances, which are summarised in Section 1.18 and set out in full in clause 15 of the Scheme Implementation Agreement.
Does DDH1 have to pay a fee if the Scheme does not go ahead?	Yes, a reimbursement fee of $4.13 million is payable by DDH1 to Perenti in certain circumstances, which are summarised in Section 1.17 and set out in full in clause 11 of the Scheme Implementation Agreement.
Does Perenti have to pay a fee if the Scheme does not go ahead?	Yes, a reimbursement fee of $4.13 million is payable by Perenti to DDH1 in certain circumstances, which are summarised in Section 1.17 and set out in full in clause 11 of the Scheme Implementation Agreement.
What happens if DDH1 is approached in relation to a Competing Proposal?	If DDH1 is approached in relation to a Competing Proposal, the DDH1 Directors will carefully consider the proposal having regard to DDH1's obligations under the Scheme Implementation Agreement and advise DDH1 Shareholders of their recommendation. DDH1 is required to notify Perenti of any approach in connection with a Competing Proposal in accordance with the Scheme Implementation Agreement. In addition, Perenti has separately entered into a Call Option Deed with Oaktree, providing Perenti with the ability to acquire 19.99% of DDH1 Shares from Oaktree upon DDH1 receiving a Competing Proposal.
What happens if a Superior Proposal emerges?	If a Superior Proposal emerges, this will be announced to the ASX and the DDH1 Directors will carefully reconsider the Scheme and advise DDH1 Shareholders of their recommendation. Under the Scheme Implementation Agreement, DDH1 has granted Perenti notification and matching rights, which are summarised in Section 1.15 and set out in full in clauses 10.4 and 10.6 of the Scheme Implementation Agreement.
What is a Superior Proposal?	Under the terms of the Scheme Implementation Agreement, a Superior Proposal is a bona fide Competing Proposal (other than a Competing Proposal resulting from a breach by DDH1 of any of its obligations under clause 10 of the Scheme Implementation Agreement) which the DDH1 Board considers, acting in good faith and in order to satisfy what its constituent directors consider to be their fiduciary or statutory obligations (and after consulting with their financial advisers and receiving written advice from external legal advisers): (a) is reasonably capable of being completed substantially in accordance with its terms within a reasonable timeframe; and (b) would, if completed substantially in accordance with its terms, result in an outcome more favourable to DDH1 Shareholders (as a whole) than the Scheme, in each case taking into account all aspects of the Competing Proposal and the Scheme, including their respective terms and conditions, the price and financial value of the Competing Proposal and the Scheme, timing considerations, funding certainty and any other matters relevant to the Competing Proposal or the Scheme.
What are the prospects of receiving a Superior Proposal?	Since the initial announcement of the Scheme on 26 June 2023 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the DDH1 Directors are not aware of any Superior Proposal that is likely to emerge. DDH1 Shareholders should be aware that DDH1 has agreed to certain exclusivity and reimbursement fee provisions in favour of Perenti, which are summarised in Sections 1.15 and 1.17 and contained in clauses 10 and 11 of the Scheme Implementation Agreement.
What if I have other questions?	If you have any questions about this Scheme Booklet or the Scheme you should contact the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays). For information about your individual financial or taxation consequences, please consult your independent financial, legal or taxation adviser.

3. HOW TO VOTE

3.1 SCHEME MEETING

The Scheme Meeting to approve the Scheme is scheduled to be held in person at the Parmelia Hilton Perth, Stirling Room, 14 Mill Street, Perth WA 6000, and electronically through an online platform at https://meetnow.global/MXAKMFZ, on 18 September 2023 at 1.00pm (AWST).

DDH1 Shareholders and their proxies, attorneys or corporate representatives will be able to attend the Scheme Meeting in person or participate in the Scheme Meeting online from their computer or mobile devices, by entering the URL in their browser: https://meetnow.global/MXAKMFZ .

Further information about attending the Scheme Meeting online can be found in the Notice of Scheme Meeting in Annexure D.

If the Scheme is not approved by the Requisite Majorities of DDH1 Shareholders at the Scheme Meeting, the Scheme will not be implemented.

For the Scheme to be approved by the Requisite Majorities of DDH1 Shareholders, votes in favour of the Scheme Resolution must be received from:

(a) unless the Court orders otherwise, a majority in number (more than 50%) of DDH1 Shareholders present and voting at the Scheme Meeting (either in person, by proxy or attorney or in the case of corporate DDH1 Shareholders, by a duly appointed corporate representative); and

(b) at least 75% of the total number of votes cast on the Scheme Resolution by DDH1 Shareholders at the Scheme Meeting.

Details regarding the Scheme Meeting are contained in the Notice of Scheme Meeting set out in Annexure D to this Scheme Booklet.

3.2 ENTITLEMENT TO VOTE

If you are registered as a DDH1 Shareholder as at 1.00pm (AWST) on 16 September 2023, you will be entitled to vote on the Scheme Resolution at the Scheme Meeting.

3.3 JOINT HOLDERS

In the case of DDH1 Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one DDH1 Shareholder votes in respect of jointly held DDH1 Shares, the vote of the DDH1 Shareholder whose name appears first on the DDH1 Share Register counts.

3.4 HOW TO VOTE

DDH1 Shareholders can vote at the Scheme Meeting by doing one of the following:

(a) Vote in person

You can vote by attending the Scheme Meeting in person.

(b) Vote electronically

You can vote by attending the Scheme Meeting online.

(c) Vote by proxy

You can appoint a proxy for the Scheme Meeting to attend the Scheme Meeting in person, or online via the online platform, and vote on your behalf, such an appointment to be made either:

(i) Online:

DDH1 Shareholders who have elected to receive notices of meeting electronically will receive an email with a personalised link to the Computershare website at www.investorvote.com.au (Control Number: 182792) which can be used to appoint a proxy online by following the instructions on that website.

You will be taken to have signed a Proxy Form and appointed a proxy if you submit your proxy online in accordance with the instructions on the website. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

The online proxy appointment must be received by the Share Registry by no later than 1.00pm (AWST) on 16 September 2023 to be effective. A proxy cannot be appointed using the online system if they are appointed under a power of attorney or similar authority.

(ii) Hard Copy:

DDH1 Shareholders who have not elected to receive notices of meeting electronically will receive a letter which includes a hard copy of the Proxy Form.

The signed Proxy Form (and an original or certified copy of any power of attorney under which it has been signed unless already provided) must be received by the Share Registry, Computershare Investor Services Pty Limited, by no later than 1.00pm (AWST) on 16 September 2023 to be effective.

DDH1 Shareholders who receive a hard copy Proxy Form may appoint a proxy by returning the Proxy Form to the Share Registry, Computershare Investor Services Pty Limited, by either posting it in the reply-paid envelope provided (only for use in Australia) or by sending, delivering, faxing or lodging it online as follows:

Mail to:	Computershare Investor Services Pty Limited GPO Box 1282 Melbourne Victoria 3001 AUSTRALIA
Fax to:	1800 783 447 (within Australia) +61 3 9473 2555 (outside of Australia)
Online:	Lodge online at www.investorvote.com.au (Control Number: 182792). You will be taken to have signed the Proxy Form if you lodge your proxy in accordance with the instructions on the website. Please read the instructions for online proxy submissions carefully before you lodge your proxy.
Mobile Device:	Use your mobile device to scan the personalised QR code included on the Proxy Form and follow the prompts.
Custodians:	For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com.

If:

(i) a DDH1 Shareholder nominates the chairperson of the Scheme Meeting as the DDH1 Shareholder's proxy; or

(ii) a proxy appointment is signed by a DDH1 Shareholder but does not name the proxy or proxies in whose favour it is given or otherwise under a default appointment according to the terms of the Proxy Form,

the chairperson of the Scheme Meeting will act as proxy under the appointment.

Proxy appointments in favour of the chairperson of the Scheme Meeting which do not contain a direction will be voted in favour of the Scheme Resolution to be considered and voted on at the Scheme Meeting.

A DDH1 Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half the votes. The DDH1 Shares represented by proxy will be voted for or against or withheld from voting in accordance with the instructions of the DDH1 Shareholder on any ballot that may be called for, and if the DDH1 Shareholder specifies a choice with respect to any matter to be acted upon, the DDH1 Shares will be voted accordingly.

A DDH1 Shareholder who has lodged a Proxy Form may revoke it prior to its use by giving written notice to the Share Registry at least 48 hours before the commencement of the Scheme Meeting. A DDH1 Shareholder may also revoke a proxy in any other manner permitted by law.

(d) Vote by corporate representative (if you are a corporate DDH1 Shareholder)

You can vote by corporate representative at the Scheme Meeting if you are a DDH1 Shareholder or proxy which is a body corporate. Any such DDH1 Shareholder may appoint an individual to act as its representative at the Scheme Meeting and exercise any of the powers the body corporate may exercise at the Scheme Meeting. The appointment must comply with section 250D of the Corporations Act. If a representative of a DDH1 Shareholder or proxy, which is a body corporate is to participate in the meeting, you will need to provide the appropriate "Appointment of Corporate Representative" to the Share Registry or DDH1. A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Unless otherwise specified in the appointment, a representative acting in accordance with his or her authority, until it is revoked by the body corporate DDH1 Shareholder, is entitled to exercise the same powers on behalf of that body corporate as that body corporate could exercise at a meeting or in voting on a resolution.

A corporation may appoint an individual as a representative to exercise its powers as a DDH1 Shareholder or as a DDH1 Shareholder's proxy.

DDH1 Shareholders who wish to appoint a corporate representative for the Scheme Meeting should, if they have not already presented an appropriate appointment, deliver to the Share Registry or DDH1 an original or certified copy of the appointment by no later than 1.00pm (AWST) on 16 September 2023. An original or certified copy of the appointment can also be provided at the Scheme Meeting.

(e) Vote by attorney

You can vote by attorney at the Scheme Meeting. If you wish to do so, you must deliver to the Share Registry the instrument appointing the attorney or a certified copy of it with their Proxy Form by 1.00pm (AWST) on 16 September 2023 (if you have not already done so in the past).

Any power of attorney granted by a DDH1 Shareholder will, as between DDH1 and that DDH1 Shareholder, continue in force and may be acted on, unless written notice of its revocation has been received by DDH1 at least 48 hours before the commencement of the Scheme Meeting.

You will be counted as being present at the Scheme Meeting if you vote in any of the ways outlined above.

The Notice of Scheme Meeting is set out in Annexure D.

3.5 HOW TO ASK QUESTIONS

DDH1 Shareholders who would like to ask questions at the Scheme Meeting are encouraged to do so in writing before the Scheme Meeting by emailing their question to investor.relations@ddh1.com.au prior to 1.00pm (AWST) on 16 September 2023.

Alternatively, DDH1 Shareholders can submit questions when attending the Scheme Meeting online via the online platform.

4. INFORMATION ON DDH1

4.1 INTRODUCTION TO DDH1

DDH1 is an ASX-listed Australian specialised mineral drilling company servicing the mining and exploration sectors. Headquartered in Canning Vale, Perth, Western Australia, and led by an experienced and respected management team, DDH1 is an industry leader in deep hole directional drilling, reverse circulation and air core drilling.

Founded in 2006 as a specialised diamond core drilling contractor, DDH1 began operations with one drilling rig. As at the end of June 2023, DDH1 employs approximately 1,700 people and operates a fleet of 193 highly specified mineral drilling rigs across its four brands, namely DDH1 Drilling, Ranger Drilling, Strike Drilling, and Swick Mining Services. DDH1 offers clients the full suite of mineral drilling services, including air core, reverse circulation, and both surface and underground core drilling.

Surface drilling is performed across Australia by DDH1 Drilling, Ranger Drilling, and Strike Drilling, while Swick Mining Services has a global presence performing underground drilling services across Australia, North America, and Western Europe.

On 8 March 2021, DDH1 issued a prospectus for an initial public offering on the ASX and subsequently its DDH1 Shares commenced trading on the ASX on 9 March 2021.

Further information on DDH1 can be obtained from DDH1's website at https://www.ddh1.com.au.

4.2 OVERVIEW OF OPERATIONS

(a) Nature of operations

DDH1's principal activities focus on providing a range of specialised surface and underground drilling services to mining and exploration clients. These specialised drilling services have a strong weighting to the production and resource definition phase of mining, with 85% of the revenue in FY23 coming from producing clients.

DDH1 provides specialised diamond, air core and reverse circulation drilling services through its four specialised brands:

DDH1 DRILLING

DDH1 Drilling: provides specialised deep hole multi-intersectional directional Diamond Core drilling services across Australia, 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. DDH1 Drilling also offers specialist engineering drilling services to deliver innovative solutions to the most technical drilling challenges.

strike DRILLING

Strike Drilling: provides Air Core and Reverse Circulation drilling services which are primarily used for earlier stage exploration drilling activities.

RANGER DRILLING

Ranger Drilling: provides Grade Control, Reverse Circulation, Diamond Core and Water bore drilling services to the Western Australian iron ore industry. Ranger Drilling's services have various applications across all stages of the mine life cycle.

SWICK Innovative • Productive • Safe

Swick Mining Services: provides underground Diamond Core drilling services and designs and manufactures state-of-the-art underground drill rigs, operating across development and production stages in underground mining operations.

Each of DDH1's brands have a distinct service offering, equipment and drilling methods.

Since the acquisition of Swick Mining Services in February 2022, the Group has a well balanced split between its surface and underground service offering. For FY23, revenue from underground drilling was approximately 40% of the Group's revenue, with the remaining revenues coming from surface drilling and rig sales.

(b) Overview of DDH1 key customer relationships and contracts

DDH1 had a diverse portfolio of approximately 175 mineral exploration and mining clients during FY2023 (147 during FY2022).

DDH1's key customers include Northern Star Resources, BHP, Newcrest Operations, Rio Tinto, Roy Hill Iron Ore, Newmont, Evolution Mining, Perilya, Somincor and Gold Fields.

DDH1 enters into both short-term and long-term multi-year contracts.

(c) DDH1 rig fleet

DDH1 currently operates Australia's largest fleet of mineral drilling rigs with best-in-class safety standards and advanced equipment and technology to provide greater productivity and critical geological information to its clients.

DDH1's combined fleet capability and technical expertise ensures the delivery of deeper, more complex drill programs required, with capacity to extract mineral core samples from depths of 3,000m.

As at 30 June 2023, the DDH1 rig fleet was comprised as follows:

RIG TYPE	BUSINESS UNIT	NUMBER OF RIGS
Diamond Core — High Capacity Surface (Sandvik DE840, DE880, Evolution 3000 & UDR5000)	DDH1 Drilling	46
Diamond Core — Low Capacity Surface (Sandvik DE710, DE712, UDR650, LF160, LF90)	DDH1 Drilling	14
Diamond Core — Underground (Boart LM90, LM75, Swick gen 2)	DDH1 Drilling	12
Diamond Core — Energy (Foremost 3000, WEI D75S)	DDH1 Drilling	2
Dual-capability Air Core and Reverse Circulation (Schramm T450, Austex X350)	Strike Drilling	9
Reverse Circulation (KWL700, Schramm 685)	Strike Drilling	7
Reverse Circulation (Schramm T450, Hydco 350, DRA/RC600, Austex X350)	Ranger Drilling	17
Diamond Core (LF160 Diamond)	Ranger Drilling	5
Diamond Core — Underground (Internal rigs Gen 1, Gen2 and Deepex)	Swick Mining Services	81

4.3 DDH1 BOARD AND SENIOR MANAGEMENT

(a) DDH1 Board

As at the date of this Scheme Booklet, the DDH1 Board comprises:

NAME AND POSITION	BIOGRAPHY
 **Diane Smith-Gander AO** Chairperson and Independent Non-Executive Director	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. She has extensive Australian and international experience in banking and finance, technology, and strategic and management consulting. Diane is also the Chairperson of Zip Co Limited (ASX:ZIP), the Committee for Economic Development of Australia and HBF Health Limited. Diane chaired previously listed contractor Broadspectrum and served on the Wesfarmers board for more than a decade. She is also a past director of cooperative CBH and privately held North Queensland Airports. 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. She is a Fellow of the AICD and the GIA.

4. INFORMATION ON DDH1
CONTINUED

NAME AND POSITION	BIOGRAPHY
 **Murray Pollock** Non-Executive Director	Murray 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 multipurpose drill rigs throughout Australia. Murray helped form Corewell in 1979, which was listed on the ASX in 1987 with 10 rigs. Murray also formed Western Deephole in 1990 before selling to Drillcorp in 1997. He was a board member of Catalpa Mining until their merger with Conquest Mining which formed Evolution Mining. Murray is a member of the Australia Institute of Company Directors.
 **Byron Beath** Non-Executive Director	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 15 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.
 **Alan Broome AM** Independent Non-Executive Director	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". Alan is a fellow of the Australian Institute of Company Directors, Australasian Institute of Mining and Metallurgy and a chartered fellow of the Institute of Directors New Zealand. Alan is Chairperson of New Age Exploration Ltd (ASX: NAE), Strategic Minerals plc (AIM:SML) and Mustang Energy plc (LSE:MUST), and Critical Minerals Group (ASX:CMG). He is also a Chairperson and/or Non-Executive Director of several Australian mining technology companies including Micromine Pty Ltd, UON Pty Ltd, Interlate Pty Ltd and Nuenz NZ Ltd.

NAME AND POSITION	BIOGRAPHY
 **Andrea Sutton** Independent Non-Executive Director	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, Engineers Australia, the Australian Institute of Company Directors and Chief Executive Women. Andrea is a board member of ANSTO, and a Non-Executive Director of Red 5 Limited (ASX:RED) and Iluka Resources Limited (ASX:ILU).
 **Sybrandt (Sy) Van Dyk** Managing Director and CEO	Sy joined DDH1 as CEO in October 2018 and was appointed Managing Director in 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 as CEO and CFO of Macmahon Holdings (ASX:MAH), and 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. Sy is also a Non-Executive Director of Austin Engineering Limited (ASX:ANG).

4. INFORMATION ON DDH1 CONTINUED

(b) Executive and senior management personnel

As at the date of this Scheme Booklet, the executive and senior management personnel of DDH1 comprises:

NAME AND POSITION	BIOGRAPHY
Sybrandt (Sy) Van Dyk Managing Director and CEO	As above.
Simon Franich Chief Financial Officer	Simon is a highly experienced Chartered Accountant with over 15 years of professional services and industry experience. He previously served as DDH1's Group Financial Controller from August 2019 to December 2021, before joining Norcliffe Mining Services as their CFO. Simon re-joined the DDH1 Group as CFO in April 2023. Prior to industry, Simon held senior roles in professional service firms Deloitte and Grant Thornton.
Richard Bennett Managing Director, Strike Drilling	Richard has 34 years' experience in the exploration drilling industry. Richard joined DDH1 in June 2018 through DDH1'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.
Matthew Izett Managing Director, Ranger Drilling	Matthew has 34 years' experience in the drilling industry. Matthew joined DDH1 in April 2019 through DDH1's acquisition of Ranger Drilling. Matthew 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, Matthew 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.
Peter Crennan General Manager, DDH1 Drilling West Coast Operations	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, DDH1 Drilling East Coast Operations	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.

4.4 DDH1 INCENTIVE PLANS

(a) DDH1 Long Term Incentive Plan

DDH1 operates (and has operated in the past) employee incentive plans (currently, the **DDH1 Long Term Incentive Plan**) involving the issue, vesting and exercise of DDH1 Performance Rights and resulting issue of DDH1 Shares.

The DDH1 Long Term Incentive Plan was approved by the DDH1 Board and effective on 10 February 2021 and subsequently amended on 30 June 2022. DDH1 Performance Rights have been issued under the DDH1 Long Term Incentive Plan. Under the DDH1 Long Term Incentive Plan:

- DDH1 Performance Rights give its holder the right to be issued one DDH1 Share for each DDH1 Performance Right held subject to the achievement of specific performance criteria. No amount is payable by the holder on the vesting of DDH1 Performance Rights; and
- the DDH1 Board may, in its absolute discretion and subject to the Listing Rules, determine how a holder's DDH1 Performance Rights will be dealt with on a change of control event (including where DDH1 Shareholders approve a scheme of arrangement relating to DDH1).

For more information relating to the treatment of DDH1 Performance Rights under the Scheme, refer to Section 1.12.

(b) DDH1 Employee Share Plan

DDH1 operates an employee share plan (the **DDH1 Employee Share Plan**) involving the issue of DDH1 Shares to employees (the **DDH1 Employee Shares**).

The DDH1 Employee Share Plan was approved by the DDH1 Board and effective on 10 February 2021 and subsequently amended on 30 June 2022. DDH1 Employee Shares have been issued under the DDH1 Employee Share Plan. Under the DDH1 Employee Share Plan:

- DDH1 Employee Shares rank equally in all respects with existing DDH1 Shares;
- a holder of DDH1 Employee Shares is entitled to exercise any voting rights attaching to its DDH1 Employee Shares (regardless of whether or not the DDH1 Employee Shares are subject to disposal restrictions);
- the DDH1 Board may determine that, for a specified period, a DDH1 Employee Share is subject to a Restriction Period, such that the DDH1 Employee Share may not be sold, transferred, encumbered or otherwise dealt with without the prior approval of the Board, or as required by law; and
- the DDH1 Board, in its discretion, may at any time waive the Restriction Period applicable to a DDH1 Employee Share. Upon the waiver of a Restriction Period, the DDH1 Board must, as soon as reasonably practicable, lift any holding lock in respect of the relevant DDH1 Employee Shares.

For more information relating to the treatment of DDH1 Employee Shares under the Scheme, refer to Section 1.13.

4.5 DDH1'S SECURITIES AND CAPITAL STRUCTURE

(a) DDH1 Shares on issue

As at the Last Practicable Date, DDH1 had 401,093,420 DDH1 Shares on issue.

(b) DDH1 Performance Rights on issue

As at the Last Practicable Date, DDH1 had 2,871,860 DDH1 Performance Rights on issue.

Each DDH1 Performance Right gives its holder the right to be issued 1 DDH1 Share for each DDH1 Performance Right held subject to the achievement of specific performance criteria. No amount is payable by the holder on the vesting of DDH1 Performance Rights.

Of the total DDH1 Performance Rights on issue, none have vested in accordance with their terms of issue. As a result, the holders of those vested DDH1 Performance Rights have the right to exercise those Performance Rights at any time and, upon exercise, those holders will be issued with 1 DDH1 Share for each DDH1 Performance Right held.

Under the Scheme Implementation Agreement, by 8.00 am on the Second Court Date, DDH1 must procure that all DDH1 Performance Rights on issue at the time the Scheme becomes Effective will vest and will result in the issue of DDH1 Shares on or before the Record Date.

The DDH1 Shares issued to the holders of DDH1 Performance Rights will therefore participate in the Scheme, such that the holders will receive the Scheme Consideration in respect of those DDH1 Shares.

Additional details regarding the treatment of DDH1 Performance Rights if the Scheme is implemented are set out in Section 1.12. Details about the DDH1 Performance Rights held by or on behalf of the DDH1 Directors are set out in Section 11.

(c) DDH1 Employee Shares on issue

As at the Last Practicable Date, DDH1 had 562,101 DDH1 Employee Shares on issue, all of which are subject to a 3-year Restriction Period ending on 5 March 2024. The DDH1 Employee Shares are held by a custodian and bare trustee, Citicorp Nominees Pty Limited, for the benefit of DDH1 Employee Share holders.

DDH1 Employee Shares rank equally in all respects with existing DDH1 Shares.

Under the Scheme Implementation Agreement, by 8.00 am on the Second Court Date, DDH1 must:

- procure that any Restriction Period attached to the DDH1 Employee Shares is waived and any holding lock attached to the DDH1 Employee Shares is lifted; and
- notify each holder of the DDH1 Employee Shares of the waiving of the Restriction Period attached to their DDH1 Employee Shares,

subject to, and with effect from the time that, the Scheme becomes Effective.

Holders of DDH1 Employee Shares will therefore participate in the Scheme, such that the holders will receive the Scheme Consideration in respect of those DDH1 Employee Shares.

Additional details regarding the treatment of DDH1 Employee Shares if the Scheme is implemented are set out in Section 1.13. Details about the DDH1 Employee Shares held by or on behalf of the DDH1 Directors are set out in Section 11.

(d) Substantial shareholders

As at the Last Practicable Date, DDH1 had received notifications from the following substantial shareholders in accordance with section 671B of the Corporations Act:

NAME	NUMBER OF DDH1 SHARES	PERCENTAGE OF TOTAL ISSUED DDH1 SHARES
Oaktree	80,753,063	20.13%
Western Alloys Pty Ltd as trustee for the Westall Investment Trust[11]	47,419,961	11.82%

Perenti has separately entered into a Call Option Deed with Oaktree, providing Perenti with the ability to acquire 80,178,575 DDH1 Shares (being a Relevant Interest in approximately 19.99% of DDH1 Shares) from Oaktree upon DDH1 receiving a Competing Proposal.

Perenti's interest in DDH1 securities is discussed further in Section 5.18.

4.6 DDH1 LOAN SHARES

DDH1 has previously entered into the Limited Recourse Loan Agreements in relation to the issue of DDH1 Shares subject to a loan (the **DDH1 Loan Shares**).

The holders of DDH1 Loan Shares, including the outstanding value of each respective holder's loan, as at the Last Practicable Date are as follows:

HOLDER	INITIAL NUMBER OF DDH1 LOAN SHARES	REMAINING NUMBER DDH1 LOAN SHARES	INITIAL VALUE OF LOAN	OUTSTANDING VALUE OF LOAN
Russell Chard	1,104,896	1,104,896	$500,021	$402,530
Clay Schmidt	883,916	883,916	$400,016	$321,030
Sy Van Dyk	4,420,000	4,420,000	$2,000,271	$1,610,270
Sy Van Dyk	205,000	205,000	$92,773	$74,684
Craig Chitty	883,916	883,916	$400,016	$321,030
Andrew Venn	1,911,342	250,000	$864,978	$90,678
Ben Mackinnon	1,104,896	1,104,896	$500,021	$402,530

Under the Scheme Implementation Agreement, by 8.00am on the Second Court Date DDH1 must use its reasonable endeavours to ensure that each of the above DDH1 Loan Share holders signs a DDH1 Loan Share Deed in the form agreed to by Perenti, and Perenti must then execute each of the DDH1 Loan Share Deeds.

Each of the DDH1 Loan Share Deeds will:

(a) release DDH1 of any obligations to the holder under the existing loans;

(b) include a holding lock being placed on the New Perenti Shares issued to the holder in accordance with the terms of the Scheme;

(c) be on substantially the same terms as the existing loan agreement terms, including as to maturity; and

(d) specify that any and all outstanding amounts of the loan will be repayable within 3 Business Days of the relevant holder being no longer employed or engaged by any member of the Perenti Group.

In addition, DDH1 must use its best endeavours to procure that any of DDH1 Loan Share holders who are no longer employed by the DDH1 Group will agree to repay all outstanding loan amounts in respect of their DDH1 Loan Shares promptly following the Implementation Date.

11 Murray Pollock, Non-Executive Director of DDH1, has a Relevant Interest in the DDH1 Shares held by Western Alloys Pty Ltd as trustee for the Westall Investment Trust.

Additional details regarding the treatment of DDH1 Loan Shares if the Scheme is implemented are set out in Section 1.14. Details about the DDH1 Loan Shares held by or on behalf of the DDH1 Directors are set out in Section 11.

4.7 RECENT DDH1 SHARE PRICE PERFORMANCE

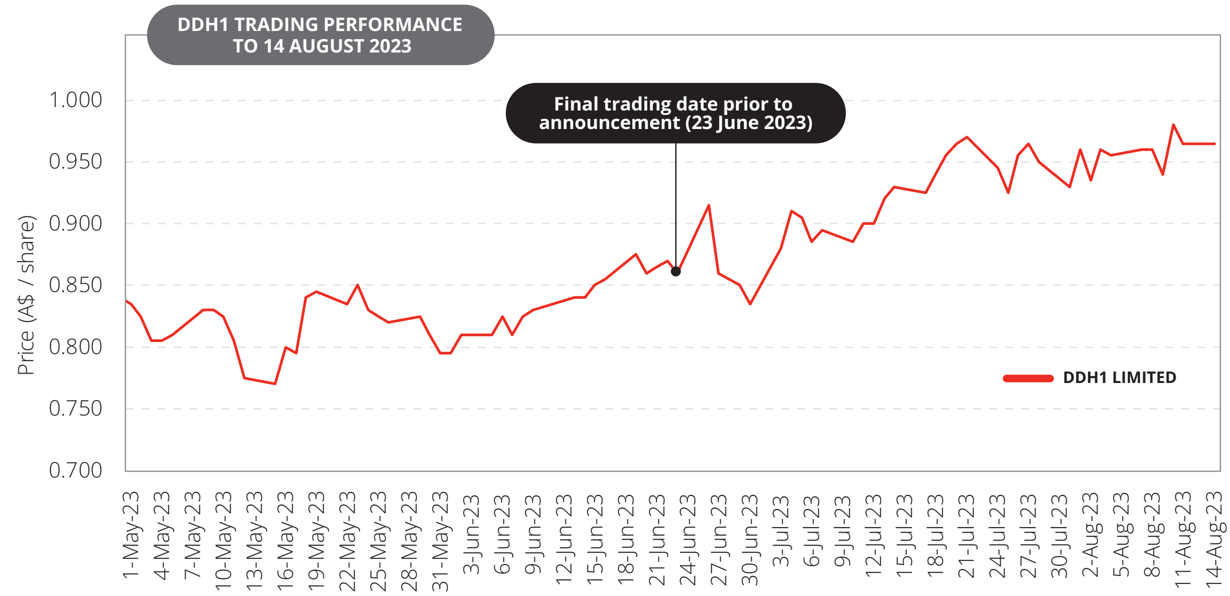
DDH1 Shares are listed on the ASX under the trading symbol "DDH".

The closing price of DDH Shares on the ASX on 23 June 2023 (i.e. the last trading day prior to the announcement of the Scheme) was $0.86 per DDH1 Share. The closing price of DDH1 Shares on the ASX on the Last Practicable Date was $0.965.

During the three months ending on the Last Practicable Date:

(a) the highest recorded daily closing price of DDH1 Shares was $0.98 on 10 August 2023; and

(b) the lowest recorded daily closing price of DDH1 Shares on the ASX was $0.77 on 15 May 2023.



The current price of DDH1 Shares on the ASX can be obtained from the ASX's website at http://www.asx.com.au.

4.8 FINANCIAL INFORMATION

This Section contains financial information relating to DDH1 for the financial years ended 30 June 2021 and 30 June 2022 and the financial half year ended 31 December 2022 (**DDH1 Historical Financial Information**). The financial statements from which the information has been extracted were audited by Deloitte.

The financial information in this Section is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only.

Further detail about DDH1's financial performance can be found in the financial statements for the full year ended 30 June 2022 (which was announced to the ASX on 30 August 2022), and for the half year ended 31 December 2022 (which was announced to the ASX on 28 February 2023), both of which can be found on DDH1's website at https://ddh1.com.au/investors/.

As DDH1's financial statements for the full year ended 30 June 2023 will not be available until after the date of this Scheme Booklet, DDH1 intends to seek Court approval for the release of a supplementary Scheme Booklet disclosing the updated financial statements and any related implications for DDH1 Shareholders. This supplementary disclosure will include any changes to the recommendation of the DDH1 Board on the Scheme as well as any changes to the opinion of the Independent Expert.

(a) Basis of preparation

The DDH1 Historical Financial Information presented in this section is in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Accordingly, DDH1 recommends that the following be read in conjunction with the financial statements of DDH1 for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements. The DDH1 Historical Financial Information is extracted from the financial statements for years ended 30 June 2021, 30 June 2022 and for the financial half-year ended 31 December 2022, which have been (or are taken to have been) lodged with ASIC and are available on DDH1's website at https://ddh1.com.au/ and the ASX website at www.asx.com.au.

The DDH1 financial statements for:

- the years ended 30 June 2021 and 30 June 2022 were audited by Deloitte. Deloitte issued unqualified audit opinions on these financial statements; and
- the half-year ended 31 December 2022 were subject to review by Deloitte. Deloitte issued unqualified review conclusions on these financial statements.

The significant accounting policies used in the preparation of the DDH1 Historical Financial Information are consistent with those set out in DDH1's 2021 and 2022 Annual Reports. The DDH1 Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards and International Financial Reporting Standards (IFRS), which comply with the recognition and measurement principles of the International Accounting Standards Board and interpretations adopted by the International Accounting Standards Board.

(b) Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table presents the historical consolidated statement of profit or loss and other comprehensive income for the financial years ended 30 June 2021 and 30 June 2022 and the financial half year ended 31 December 2022.

It is important to note that Swick Mining Services (**Swick**) was acquired by DDH1 Limited on 7 February 2022. Accordingly, the historical statement of profit and loss and other comprehensive income on the following page only includes 5 months of Swick's trading results in the year ended 30 June 2022.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	31 DEC 2022 '000's	30 JUN 2022 '000's	30 JUN 2021 '000's
Revenue	286,015	415,377	294,606
Other revenue	7,267	8,427	4,206
Other gains and losses	1,775	(2,300)	(139)
Administrative Expenses	(7,985)	(8,022)	(4,901)
Drilling consumables	(26,732)	(42,799)	(32,686)
Employee and contractor expenses	(135,683)	(191,182)	(132,091)
Fuel and oil	(5,974)	(10,162)	(6,457)
Freight and couriers	(4,030)	(6,105)	(3,909)
Hire of plant	(8,812)	(14,614)	(8,501)
Service and repairs	(20,902)	(31,892)	(23,869)
Travel expenses	(12,352)	(15,242)	(10,412)
IPO/aquisition costs	—	(3,820)	(7,431)
Engineering consumables and parts	(3,606)	—	—
Other expenses	(1,936)	(6,884)	(2,806)
EBITDA	**67,045**	**90,782**	**65,610**
Depreciation expense	(23,245)	(29,956)	(21,528)
Amortisation	(5,588)	(5,808)	(2,151)
EBIT	**38,211**	**55,018**	**41,931**
Interest received	33	8	1
Finance costs	(1,401)	(1,651)	(2,526)
Profit before tax	**36,843**	**53,374**	**39,406**
Income tax benefit / (expense)	(8,490)	(17,515)	17,780
Profit for the year after tax	**28,353**	**35,859**	**57,186**

(c) Consolidated Statements of Financial Position

The following table presents the historical consolidated statement of financial position as at 30 June 2021, 30 June 2022 and 31 December 2022.

STATEMENT OF FINANCIAL POSITION	31 DEC 2022 '000's	30 JUN 2022 '000's	30 JUN 2021 '000's
Cash and cash equivalents	31,501	17,941	14,591
Trade and other receivables	82,664	93,563	55,696
Inventories	57,047	55,849	26,098
Current tax asset	3,348	3,856	4,279
Other current assets	4,634	1,791	1,221
TOTAL CURRENT ASSETS	**179,195**	**173,001**	**101,885**
NON-CURRENT ASSETS			
Financial assets	588	2,633	562
Intangible assets	54,260	61,385	30,819
Property, plant and equipment	236,092	223,290	129,415
Right of use asset	13,440	13,693	4,229
Deferred tax asset	—	—	14,413
TOTAL NON-CURRENT ASSETS	**304,380**	**301,001**	**179,437**
TOTAL ASSETS	**483,575**	**474,002**	**281,322**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(36,901)	(51,091)	(28,757)
Lease Liabilities	(4,521)	(4,321)	(3,217)
Borrowings	(10,000)	—	—
Current tax liabilities	—	—	—
Provisions	(21,859)	(20,075)	(8,433)
TOTAL CURRENT LIABILITIES	**(73,280)**	**(75,488)**	**(40,407)**
NON-CURRENT LIABILITIES			
Lease Liabilities	(13,179)	(14,975)	(6,424)
Borrowings	(30,000)	(30,000)	—
Provisions	(1,056)	(626)	(804)
Deferred tax liabilities	(21,478)	(10,900)	—
TOTAL NON-CURRENT LIABILITIES	**(65,713)**	**(56,502)**	**(7,228)**
TOTAL LIABILITIES	**(138,993)**	**(131,990)**	**(47,635)**
NET ASSETS	**344,582**	**342,012**	**233,687**
EQUITY			
Issued capital	(449,608)	(464,543)	(375,025)
Restructure reserve	266,574	266,574	266,574
Share based payment reserve	(3,640)	(3,707)	(3,837)
FCTR	(908)	(818)	—
Retained earnings - opening	(156,999)	(156,999)	(156,999)
TOTAL EQUITY	**(344,582)**	**(359,492)**	**(269,287)**

4. INFORMATION ON DDH1
CONTINUED

(d) Consolidated Statements of Cash Flows

The following table presents the historical consolidated statement of cash flows for the financial years ended 30 June 2021 and 30 June 2022 and financial half year ended 31 December 2022.

It is important to note that Swick Mining Services (**Swick**) was acquired by DDH1 Limited on 7 February 2022. Accordingly, the historical statement of cash flows in the table below only includes 5 months of Swick's trading results in the year ended 30 June 2022.

STATEMENT OF CASH FLOWS	31 DEC 2022 '000's	30 JUN 2022 '000's	30 JUN 2021 '000's
Cash flows from operating activities			
Cash receipts from customers	332,162	447,566	314,190
Cash paid to suppliers and employees	(273,402)	(362,765)	(245,434)
Cash generated from operations	**58,760**	**84,801**	**68,756**
Interest paid on loans	(1,401)	(1,651)	(2,526)
Interest received	33	8	1
Taxation	4,851	979	(17,624)
Net cash from operating activities	**62,242**	**84,136**	**48,607**
Cash flows from investing activities			
Proceeds from sale of plant and equipment	1,930	484	312
Acquisition of plant and equipment	(32,381)	(61,550)	(39,251)
Additions to intangibles	(596)	(587)	(71)
Proceeds from sale of shares	1,970	—	95
Net cash on acquisition of business	—	1,175	
Net cash from investing activities	**(29,077)**	**(60,478)**	**(38,915)**
Cash flows from financing activities			
Proceeds from borrowings	15,000	—	—
Proceeds from issue of shares	550	868	31,509
Share buy back	(15,764)	—	—
Repayment of lease liabilities	(3,978)	(3,594)	(2,742)
Dividend Paid	(10,873)	(17,739)	—
Repayment of borrowings	(5,000)	—	(61,449)
Net cash from financing activities	**(20,065)**	**(20,465)**	**(32,682)**
Net increase in cash and cash equivalents	**13,101**	**3,193**	**(22,990)**
Cash and cash equivalents opening	17,941	14,591	37,581
Effect of exchange rate fluctuation on cash held	459	157	—
Cash and Cash Equivalents at End of Year	**31,501**	**17,941**	**14,591**

4.9 NO MATERIAL CHANGES IN DDH1'S FINANCIAL POSITION

To the knowledge of the DDH1 Directors, other than expenditure in the ordinary course of business and as otherwise disclosed in this Scheme Booklet or as otherwise disclosed to the ASX by DDH1, the financial position of DDH1 has not changed materially since 31 December 2022, being the date of the last balance sheet prepared in accordance with the Corporations Act before this Scheme Booklet was sent to DDH1 Shareholders.

4.10 INTENTION REGARDING THE CONTINUATION OF DDH1'S BUSINESS

The Corporations Regulations require a statement by the DDH1 Directors of their intentions regarding DDH1's business. If the Scheme is implemented, the current DDH1 Directors will resign and a reconstituted board as determined by Perenti will be appointed. Further information in respect of the proposed Combined Group Board composition is set out in Section 6.3.

It is for the reconstituted Board of the Combined Group to determine its intentions as to:

(a) the continuation of the business of DDH1;

(b) any major changes, if any, to be made to the business of DDH1, including any redeployment of fixed assets of DDH1; and

(c) the future employment of the present employees of DDH1.

If the Scheme is implemented, Perenti will have 100% ownership and control of DDH1. The current intentions of Perenti with respect to these matters are set out in Section 5. Perenti's intentions in relation to the Combined Group following implementation of the Scheme are set out in Section 6.4.

In the event that the Scheme is not implemented, the DDH1 Directors intend to continue to operate in the ordinary course of business and for DDH1 to remain listed on the ASX.

4.11 PUBLIC INFORMATION AVAILABLE FOR INSPECTION

As an ASX listed company and a "disclosing entity" under the Corporations Act, DDH1 is subject to regular reporting and disclosure obligations. Among other things, these obligations require DDH1 to announce price sensitive information to the ASX as soon as DDH1 becomes aware of information, subject to some exceptions. Further announcements concerning DDH1 will continue to be made available on this website after the date of this Scheme Booklet.

Under the Corporations Act, DDH1 is required to prepare and lodge various documents with ASIC and the ASX, including both annual and half-yearly financial statements accompanied by a statement and report from the DDH1 Directors and an audit or review report respectively.

Copies of the documents filed with the ASX may be obtained from the ASX's website at http://www.asx.com.au. Copies of the documents lodged with ASIC in relation to DDH1 may be obtained from, or inspected at, an ASIC office. Copies of these documents will also be made available free of charge following a request in writing to DDH1 at any time before the Second Court Hearing.

Set out below is a list of announcements made by DDH1 to the ASX (excluding daily notifications of on-market buy-back activities) from the date of DDH1's announcement of the Scheme Implementation Agreement on 26 June 2023 to the Last Practicable Date.

DATE	ANNOUNCEMENT
26 June 2023	DDH1 and Perenti Scheme Implementation Agreement
26 June 2023	PRN: Perenti and DDH1. Continued creation of enduring value
26 June 2023	Perenti and DDH1. Continued creation of enduring value
26 June 2023	Perenti's acquisition of DDH1 briefing notification
26 June 2023	Form 603 — Notice of initial substantial holder from PRN
17 July 2023	PRN: Investor Roadshow Presentation

DDH1's recent announcements are available on its website (https://ddh1.com.au/investors/) and from the ASX's website (https://www2.asx.com.au/markets/company/ddh).

5. INFORMATION ON PERENTI

The information contained in this Section 5 has been prepared by Perenti. The information concerning Perenti and the intentions, views and opinions contained in this Section 5 are the responsibility of Perenti. Although Perenti believes that the views reflected in this Section 5 have been formed on a reasonable basis, no assurance can be given that such views will prove to have been correct.

DDH1 and its officers and advisers do not assume any responsibility for the accuracy or completeness of the information in this Section 5.

5.1 OVERVIEW OF PERENTI

Perenti is an ASX-listed diversified global mining services group with interests in contract mining, mining support services and future technology solutions.

The group was founded in Kalgoorlie in 1987 as 'Ausdrill'. Following the acquisition of underground mining contractor Barminco Holdings Pty Ltd (**Barminco**) in 2019, the group changed its name to Perenti to reflect its expanded mining services offerings.

Perenti's portfolio consists of sustainable, inter-related and value adding mining services and technology focused businesses.

Perenti is headquartered in Perth, Australia and operates across four continents with a workforce of approximately 9,000 employees.

Perenti comprises three divisions:

(a) Contract Mining Division

Perenti's Contract Mining Division is a global provider of both underground and hard-rock surface mining as well as surface drilling.

The division includes widely recognised brands Barminco, African Underground Mining Services, Ausdrill and African Mining Services:

- **Barminco:** a global leader in hard-rock underground mining with operations in Australia, Africa and North America. Barminco has more than 36 years of experience in the underground mining industry, and its service offering includes rapid high-speed mine development, production, diamond drilling, vertical development, design planning and scheduling, and equipment supply and maintenance.
- **Ausdrill:** provides drill and blast, grade control and exploration drilling services to major resource companies across Australia.
- **African Underground Mining Services:** a leader in hard-rock underground mining in West Africa and provides the same services as Barminco.
- **African Mining Services:** one of the largest surface contract mining companies in Africa, with mature support networks in Africa, Australia and Europe.

Perenti has contract mining operations on three continents, with more than 40 surface and underground projects in Australia, 13 surface and underground projects across five countries in Africa, and two underground projects in North America. While predominantly focused on gold mining projects, Perenti operates across nine commodities including nickel, copper and zinc. The Contract Mining Division contributed 94% of Perenti's total revenue and underlying EBIT(A) in the 2022 financial year.

(b) Mining Services Division

Perenti's Mining Services Division is a portfolio of specialised (less capital intensive) businesses which predominantly work with clients across the mining sector, to deliver value-add services that meet current and emerging needs. It includes BTP, Supply Direct and Logistics Direct.

- **BTP:** a leading Australian rental equipment and parts supplier to the mining industry. The company sells and rents a range of used heavy mining equipment and parts to its clients and rebuilds equipment in Western Australia, Queensland and New South Wales. BTP has one of Australia's largest rental fleets of modern and well-maintained excavators, dump trucks, dozers, graders and ancillary equipment and offers a viable and cost-effective alternative to OEMs.
- **Supply Direct:** one of Africa's largest mining capital equipment company offering superior supply chain solutions for its clients. Headquartered in South Africa, the business provides a single source mining supply service tailored to the needs of each customer. They supply miners across the continent with everything from large-scale equipment to everyday parts and consumables.
- **Logistics Direct:** Headquartered in Ghana and providing specialist logistics management services in Africa and throughout the world, the company has more than 20 years of experience and provides expertise in cargo transportation, freight forwarding and customs brokering services.

(c) idoba

Perenti's idoba Division is a technology informed business that provides digital, technology and consulting services. Launched in 2021, and formed by the combination of several complementary businesses that Perenti had acquired, the business is an innovation ecosystem that brings together the industry experience and complementary capabilities of a number of leading West Australian technology companies who aim to co-create a better future for the mining industry.

In addition to deep domain knowledge, experience in delivering value for mining clients and a passion for creating change through technology offerings and digital enablement, idoba's services also include industry leading capabilities in data science, automation, mine and processing optimisation, digital transformation and sustainability.

5.2 OPERATIONAL STRUCTURE

A simplified operational structure of Perenti and its wholly-owned or controlled entities is set out below. If the Scheme is implemented, DDH1 will become a wholly-owned subsidiary of Perenti.

5. INFORMATION ON PERENTI CONTINUED

5.3 DIRECTORS AND SENIOR MANAGEMENT

(a) Perenti Board

As at the date of this Scheme Booklet, the Perenti Directors are:

NAME AND POSITION	BIOGRAPHY
 **Robert Cole** Non-Executive Chair	Mr Cole has over 35 years' experience in the energy and resources industry. He is a former executive director on the board of Woodside Petroleum Limited and a former managing director of Beach Energy Limited. He is also former Chair of Synergy, Southern Ports, Landgate and the Australian Petroleum Production and Exploration Association. Prior to joining the oil and gas industry, Mr Cole was a partner in the law firm now known as King & Wood Mallesons. Mr Cole is currently Chair of Iluka Resources Limited, Chair of Perth Airport Pty Ltd and a member of the Council of Curtin University. Mr Cole holds Bachelor of Science and Bachelor of Laws degrees from the Australian National University in Canberra. He has also completed the Harvard Business School Advanced Management Program.
 **Mark Norwell** Managing Director & CEO	Mr Norwell is a highly experienced mining services executive. Prior to joining Perenti, he was the Executive General Manager, Strategy and Growth at Theiss Pty Ltd, and a member of Theiss' executive leadership team. Over a 25-year career in the mining services sector he has held senior roles with Leighton Contractors, HWE Mining and Macmahon Holdings. Mr Norwell holds a Bachelor of Civil Engineering (Hons) degree from the University of Western Australia and is an Executive MBA from the University of New South Wales. He is also a member of the Australian Institute of Company Directors.
 **Mark Hine** Non-Executive Director	Mr Hine is a mining engineer. He graduated from the Western Australia School of Mines and is a member of the Australian Institute of Company Directors and the Australian Institute of Mining and Metallurgy. He has extensive mining experience with over 25 years of senior management roles in both surface and underground mining operations. Mr Hine previously held senior positions in the mining industry as Chief Operating Officer at Griffin Mining Ltd, Chief Operating Officer at Focus Minerals Ltd, Chief Operating Officer at Golden West Resources Ltd, Executive General Manager Mining at Macmahon Contractors Pty Ltd, Chief Executive Officer at Queensland Industrial Minerals Ltd, General Manager at Consolidated Rutile Ltd and General Manager Pasminco, Broken Hill/Elura Mines. Having served as a director of Perenti and Ausdrill for 9 years, Mr Hine will take the opportunity to retire from the Perenti Board on or before implementation of the Scheme.

NAME AND POSITION	BIOGRAPHY
 **Alexandra Atkins** Non-Executive Director	Ms Atkins has over 25 years' multi-disciplinary, multi-commodity experience through the full mining value chain across Australia and PNG in roles that find, design and run mines, regulate mines, and in a "Big Four" accounting firm. Ms Atkins' mine operations roles include: Geologist for Australian Consolidated Minerals (Wirralie & Pajingo); Mining Engineer for Mt Isa Mines Ltd (Newlands); Underground Miner/Airleg Miner for Plutonic Resources (Mt Morgans); Underground Miner, Mining Engineer/ Deputy Mine Manager and Geotechnical Engineer for Placer Dome Asia Pacific (Porgera JV, Kidston & Osborne); and Mining Engineer for Murchison United (Renison). Her career then pivoted to professional services and regulation, including: Senior Mining Engineer for AMC Consultants; District Inspector of Mines for the WA Department of Mines & Petroleum; Principal Mining Consultant for Optiro & Alternate Futures; Chief Advisor at Sustainability; Risk Manager at Deloitte; COO at PETRA Data Science; and MD & Principal at Alex Atkins & Associates. Ms Atkins is also a non-executive director of Strandline Resources Limited, Aquirian Limited and a former director of The Australasian Institute of Mining and Metallurgy and International Women in Mining (London). She is also a member of 30% Club's National Steering Committee. Ms Atkins holds two Bachelor of Engineering Degrees from the University of Queensland and WA School of Mines, qualifying her as a Mining Engineer, Geotechnical Engineer and Geologist. She holds First Class Mine Manager's Certificates for Western Australia and Queensland and has an MBA (Finance) from the Australian Institute of Business. She is a Graduate Member of the Australian Institute of Company Directors, Chartered Professional Fellow of The AusIMM and Engineers Australia. She was one of 2018's 100 Global Inspirational Women In Mining (WIMUK) and was inducted into the Western Australia Women's Hall of Fame in 2019.
 **Andrea Hall** Non-Executive Director	Ms Hall is a Chartered Accountant with more than 30 years' experience in the financial services industry in roles involved in internal audit, risk management, corporate and operational governance, external audit, financial management and strategic planning. Ms Hall commenced her career at KPMG in 1987, before retiring from the firm in 2012 as a Risk Consulting Partner where she serviced industries including mining, mining services, transport, healthcare, insurance, property and government. Ms Hall is an experienced non-executive director and currently serves as a non-executive director on the boards of several listed and non-listed entities, including Evolution Mining Ltd, Core Lithium Ltd, the AFL Fremantle Dockers, the Insurance Commission of Western Australia and the Commonwealth Superannuation Corporation (from 1 July 2023). Ms Hall holds a Bachelor of Commerce degree from the University of Western Australia and is also a Fellow of Chartered Accountants Australia & New Zealand. She served on the WA Council for Chartered Accountants Australia & New Zealand for seven years until 2011, the last year as the Chair. Ms Hall has also completed a Masters in Applied Finance (Corporate Finance).

5. INFORMATION ON PERENTI CONTINUED

NAME AND POSITION	BIOGRAPHY
 **Timothy Longstaff** Non-Executive Director	Mr Longstaff was appointed as a non-executive director on 16 August 2021. Through his career in Australia and overseas, Mr Longstaff brings a depth of experience in finance, strategy formulation, acquisitions and divestments, debt and equity capital markets, and investor engagement amongst asset-intensive industrial companies. Mr Longstaff holds a Bachelor of Economics degree, is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Graduate of the Australian Institute of Company Directors, and a Senior Fellow of the Financial Services Institute of Australia. Mr Longstaff started his career in the audit division of Price Waterhouse. He then had a 25-year career in investment banking, with many years in Managing Director and senior executive roles at top-tier global firms. He has been a strategic partner and advised the Boards and CEOs of leading Australian and international companies on transformational M&A and capital markets transactions. More recently, Mr Longstaff served as Senior Advisor to the Federal Minister for Finance and Leader of the Government in the Senate, and the Federal Minister for Trade, Tourism and Investment. Through this experience Mr Longstaff brings valuable global geo-political perspectives and insights into the workings of Government. Mr Longstaff is also a non-executive director of ASX-Listed Ingham's Group Limited; ASX-Listed Aurizon Holdings Limited; Aurizon Network Pty Ltd; Snowy Hydro Limited; and of the George Institute for Global Health. Mr Longstaff is also a member of the Australian Government's Takeovers Panel and a member of Chifley Associates.
 **Craig Laslett** Non-Executive Director	Mr Laslett is a Civil Engineer with nearly 40 years of engineering, project management and executive experience across some of Australia's largest publicly listed mining services and infrastructure companies, including a role as the Managing Director of Leighton Contractors, a subsidiary of the Leighton Holdings Group (now CIMIC Group). This experience included accountability for HWE Mining and Leighton Mining, providing open cut mining, underground mining, and materials processing services across operations in Australia and overseas. Mr Laslett is currently the Managing Director and Co-Owner of Leed Engineering & Construction Pty Ltd, a privately owned civil infrastructure contractor. Mr Laslett holds a Bachelor of Civil Engineering degree from the University of South Australia, formerly the South Australian Institute of Technology. In addition to his professional career, Mr Laslett is passionate about enhancing the contribution and value provided by the contracting and service industries, including representing the industry at board and governmental levels. This includes enhancing digital capability and supporting industry diversity and providing opportunities for indigenous and disadvantaged youth.

(b) Senior Management

As at the date of this Scheme Booklet, Perenti's senior management are:

NAME AND POSITION	BIOGRAPHY
Mark Norwell Managing Director & Chief Executive Officer	As above.
Peter Bryant Chief Financial Officer	Mr Bryant is an experienced CFO and was instrumental in the Barminco acquisition. He has served in various executive roles in different companies in mining, renewables and media. His experience spans financial and management roles with both public and private companies. Mr Bryant started his career with global consulting firm EY, working in Australia, the United Kingdom and the United States. In 1990, Mr Bryant was admitted to the Institute of Chartered Accountants Australia and New Zealand and in 2020, Mr Bryant was awarded a Fellowship.
Paul Muller President Contract Mining	Mr Muller has more than 20 years of experience in the mining industry, working for both mining services providers and mine owners in Australia, Asia and Africa. Prior to joining Barminco, he held executive and senior leadership roles at mining and civil construction companies in Australia, Asia and Africa. Mr Muller holds a Bachelor of Engineering degree. He is a Fellow of the Australasian Institute of Mining and Metallurgy and a graduate of the Australian Institute of Company Directors.
Sarah Coleman President idoba	Ms Coleman has more than 20 years' mining and management consulting experience with an impressive background spanning operations, improvement, innovation, technology, and asset management. She has worked with a wide range of top tier organisations across industries of mining, oil and gas, manufacturing, and healthcare. Ms Coleman has been recognised for her excellence including being named as a WA Business News Top 40 Under 40 in 2013, a CME Most Outstanding Young Professional female finalist in 2013, AIM WA 2015 State Owner Manager of the Year and was a Women In Industry Awards finalist in 2016.
Ben Davis President Mining Services and Chief People & Sustainability Officer	With experience spanning more than 20 years, Mr Davis has held a number of operational, corporate and executive HR roles across Australia, North and West Africa, and North America. He has led multi-disciplinary and globally diverse teams in both contracting and operating companies and has a proven ability to lead across cultures. Mr Davis' experience includes the implementation of effective HR and HSE strategies, coaching and leadership development, and mergers and acquisitions, as well as delivering effective resourcing and diversity outcomes. Mr Davis holds a Bachelor of Business (Double Major, HR and Sport Management) from Edith Cowan University Western Australia and a Graduate Certificate in Leadership from Rice University — Jones Graduate School of Business, Houston, Texas.
Raj Ratneser Chief Legal & Risk Officer	Mr Ratneser is a senior executive and qualified lawyer with more than 20 years' national and international experience across legal, commercial, governance, risk and internal audit primarily in the resources, engineering and construction industries. He has served in a number of senior leadership and executive roles for a variety of businesses and his experience spans Australia, Africa, UK and North America. Mr Ratneser holds Bachelor of Commerce and Bachelor of Law degrees from Murdoch University.
Cameron Bailey Chief Strategy Officer	Mr Bailey's expertise includes leading strategic and business development processes and initiatives, business planning, strategic and client relationships, 'work winning' activities and bid preparation combined with an underlying commitment to deliver sustainable and profitable revenue growth. Mr Bailey has held leadership and executive roles at a number of businesses and holds a Masters in Commerce and a Degree in Electrical Engineering from the University of NSW.

5.4 CORPORATE GOVERNANCE

The Perenti Board is committed to implementing and maintaining the highest standards of corporate governance and business conduct, fostering a culture of compliance which values integrity, ethical behaviour, accountability, transparency and respect for others. Perenti believes that this is essential for the long-term performance and sustainability of the business, and to protect and enhance the interests of all stakeholders.

The Perenti Governance Framework plays a critical role in helping 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. It includes a framework for decision making across the business and provides guidance on the standards of behaviour expected of our people.

The Perenti Board regularly reviews the Perenti Group's policies to ensure they comply with current and emerging legislation and consistently reflects best practice and stakeholder expectations.

In FY23, Perenti has continued to build on its strong foundation of governance to continually improve on its approach to governance. Perenti has allocated additional resources to strengthen the Governance and Assurance function in order to support the needs of the businesses within the Perenti Group.

In FY23, Perenti also developed and implemented the Health, Safety and Wellbeing Policy, the Environmental Policy, the Capital Management Policy, the Sustainability Policy, the Climate Change Position Statement, an Indigenous Peoples Position Statement, and its FY22 Modern Slavery Statement as well as over 20 Group Standards. These Standards define the group-wide minimum mandatory requirements for high-risk and business critical activities. These include financial and non-financial controls, and decision-making authorities that operate together with the Perenti Group Delegation of Authority.

In addition to Perenti's 2022 Corporate Governance Statement lodged with ASX on 23 August 2022, available at http://asx.com.au, a copy of Perenti's corporate governance policies can be accessed on Perenti's website: https://perentigroup.com/investors/corporate-governance/.

5.5 HEALTH AND SAFETY

The physical and psychological health, safety and wellbeing of all personnel is critical to Perenti, and Perenti is committed to the elimination of life-altering physical and psychological injuries and illnesses. Notwithstanding this commitment, earlier this year Perenti sadly lost two of its valued members at an incident at Dugald River mine. This incident has led the company to establish the Safety Taskforce (described further below).

Perenti has policies, programs, procedures and systems in place to ensure that all Perenti Group activities are conducted safely and to protect the safety and wellbeing of employees. Key examples include:

- Perenti's Health, Safety and Environment Management System is aligned with the requirements of ISO 45001 and provides the framework for planning, executing and governing health and safety management at Perenti.
- Perenti's Critical Risk Management program, which engages employees in the identification, elimination, control and mitigation of fatal risks, and provides assurance that potentially life-altering health and safety risks are known, understood and being effectively managed.
- Continued investment in relevant engineering and technological solutions, such as collision avoidance systems for underground mobile equipment.
- Establishment of a Safety Taskforce in FY23 (including a group-wide steering committee and divisional working groups) whose primary objective is to support further and significant improvement in Perenti's health and safety performance as well as contribute to broader industry-wide change. The Safety Taskforce's membership includes a Non-Executive Director, members of the Group Executive Committee and world-renowned subject matter experts.
- "HSE Central", a Health, Safety and Environment (**HSE**) information system implemented in 2022. HSE Central provides a common platform and single source of truth for managing all HSE data across the Perenti Group.
- Perenti's Employee Assistance Programme (**EAP**), a free, voluntary and confidential health program available 24/7 to all Perenti employees and their immediate families. The EAP fosters a shared understanding of mental health care in the workplace.

5.6 ENVIRONMENTAL, SOCIAL & GOVERNANCE

Perenti recognises the critical role it must play in helping the world transition to a more sustainable future including by acting on climate change. Perenti has committed to investing in innovative solutions that accelerate the transition to a low carbon future. For example, Perenti recently announced that it had been awarded a contract to undertake a study for the full underground electrification of IGO's Cosmos Nickel Project.

Perenti has also published a Climate Change Position Statement, set greenhouse gas emission reduction targets, established an executive sponsored Decarbonisation Steering Group and is progressively aligning with Task Force on Climate related Financial Disclosures (**TCFD**) recommendations.

Perenti is committed to actively seeking ways to reduce the company's environmental footprint and operate efficiently through the education of employees, the utilisation of procedures, complying with legislation and conforming to any specific environmental requirements of individual sites and clients.

In addition, Perenti seeks to benefit the local communities where it operates by demonstrating good citizenship and leaving a positive legacy. Perenti has published a Human Rights Policy and Indigenous Peoples Position Statement, and is actively implementing associated work programs and plans.

Perenti's Safety and Sustainability Committee considers and addresses critical ESG topics including safety, sustainability, climate change, human rights, modern slavery and environmental management. Perenti has a number of policies and programs which underline its commitment to strong social governance, including its Code of Conduct, which sets standards of behaviour for all people involved in Perenti's operations, the "Speak Up" program, which allows employees and stakeholders to report misconduct anonymously, and an Anti-bribery and Anti-corruption Policy, which sets out Perenti's zero tolerance for any form of corruption in all of its global operations.

5.7 INCLUSION & DIVERSITY

Perenti recognises the value of an inclusive and diverse workforce. As part of its commitment to inclusion and diversity, Perenti has:

- developed and implemented an Inclusion and Diversity Strategy;
- commenced the development of a group-wide Indigenous Engagement Strategy;
- launched the "It's Not OK" program of work in May 2022 in Australia, which aims to eliminate sexual assault, sexual harassment and other harmful behaviours from our workplace. The program of work began with an initial discovery phase involving a workforce diagnostic and resulted in a Framework for Response and Action (Framework). This Framework sets out a comprehensive multiple year approach to eliminate harmful behaviours and develop a culture that provides a safe, respectful and inclusive workplace;
- developed an inclusion and diversity roadmap that outlines why achieving an inclusive workplace that attracts and retains diverse talent at all levels is important to Perenti, along with our aspiration, and the steps we will take to get there; and
- set group wide gender representation targets:
  - By end of FY33, 33% of our entire workforce will be female;
  - By end of FY30, 40% of our Board and Group Executive Committee are female;
  - By end of FY33, 40% of our senior leaders are female; and
  - By end of FY25, +75% of our people feel their teams are psychologically safe.

5.8 FUNDING OF THE SCHEME CONSIDERATION

(a) Overview

This section 5.8 outlines how Perenti intends to fund the Scheme Consideration. If the Scheme is implemented, eligible Scheme Shareholders will be entitled to receive the Scheme Consideration per Scheme Share held on the Record Date. The Scheme Consideration is comprised of a cash component and/or scrip component depending on the Consideration Election made by eligible Scheme Shareholders, subject to the Scaleback Arrangements.

(b) Cash component

The total cash payable by Perenti as Scheme Consideration, being the Cash Consideration Pool of $50,010,901.67, will be funded from:

(i) available internal cash reserves and cash equivalents, which as at 30 June 2023 were well in excess of $50 million; and

(ii) if required, drawing on Perenti's A$420 million syndicated debt facility (over $300 million undrawn as at 30 June 2023), which is provided by a number of leading lending institutions in the Global banking market.

Under the Scheme Implementation Agreement, the maximum Perenti Permitted Dividend is $20 million.

The proceeds available to Perenti under the debt facility, together with the cash reserves, are therefore well in excess of the total cash payable by Perenti as Scheme Consideration under the Scheme, even if Perenti decides to pay a dividend in relation to the period ended 30 June 2023.

(c) Scrip component

Subject to any rounding for fractional entitlements made in accordance to the Scheme, the total number of New Perenti Shares issued as Scheme consideration will be equal to the product of the number of Scheme Shares and Standard Scrip Component.

The Standard Scrip Component will be affected by any dividends paid by Perenti or DDH1 prior to implementation of the Scheme. However, based on the assumption described in Section 1.6 that no such dividends are in fact paid, the total number of New Perenti Shares issued as Scheme Consideration is expected to be 287,259,711.[12]

Perenti will not require the approval of its own shareholders to issue the scrip component of the Scheme Consideration.

5.9 PERENTI HISTORICAL FINANCIAL INFORMATION

This section contains the following consolidated historical financial information relating to Perenti:

- historical statements of profit or loss and other comprehensive income for the years ended 30 June 2021 and 30 June 2022 and for the 6 months ended 31 December 2022;
- historical statements of financial position as at 30 June 2021, 30 June 2022 and 31 December 2022; and
- historical statements of cash flows for the years ended 30 June 2021 and 30 June 2022 and for the 6 months ended 31 December 2022,

(together, the **Perenti Historical Financial Information**).

Further historical financial information can be found on Perenti's website (https://perentigroup.com/).

A number of figures, amounts, percentages prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

In accordance with its normal processes, Perenti currently expects to release its full-year financial results for the financial year to 30 June 2023 to ASX on or about 22 August 2023.

(a) Basis of preparation

The Perenti Historical Financial Information presented in this section is in an abbreviated form and does not contain all disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Accordingly, Perenti recommends that the following be read in conjunction with the financial statements of Perenti for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements. The Perenti Historical Financial Information is extracted from the financial statements for years ended 30 June 2021, 30 June 2022 and for the financial half-year ended 31 December 2022, which have been (or are taken to have been) lodged with ASIC and are available on Perenti's website at https://perentigroup.com/ and the ASX website at www.asx.com.au.

The Perenti financial statements for:

(i) the years ended 30 June 2021 and 30 June 2022 were audited by PricewaterhouseCoopers. PricewaterhouseCoopers issued unqualified audit opinions on these financial statements; and

(ii) the half-year ended 31 December 2022 was subject to review by PricewaterhouseCoopers. PricewaterhouseCoopers issued unqualified review conclusions on these financial statements.

The significant accounting policies used in the preparation of the Perenti Historical Financial Information are consistent with those set out in Perenti's 2021 and 2022 Annual Reports. The Perenti Historical Financial Information has been prepared in accordance with the Australian Accounting Standards, and Interpretations issued by the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act. Perenti is a for-profit entity for the purpose of preparing the financial statements. The consolidated financial statements of Perenti and its subsidiaries also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

12 Please also refer to Section 1.6(c) regarding DDH1's intention to seek Court approval for the release of a supplementary Scheme Booklet if DDH1 or Perenti declares a dividend. In addition, this figure is based on the DDH1 capital structure as described in Section 4.5 and the assumption that all DDH1 Performance Rights on issue as at the Last Practicable Date vest and result in the issue of DDH1 Shares as described in Section 1.12; and does not take into account any rounding due to fractional entitlements of individual Scheme Shareholders.

(b) Perenti's historical statements of profit or loss and other comprehensive income

Set out in the following table are Perenti's historical income statements for the years ended 30 June 2021 and 30 June 2022 and for the 6 months ended 31 December 2022.

	HALF YEAR ENDED 31-DEC-22 $'000	FULL YEAR ENDED 30-JUN-22 $'000	FULL YEAR ENDED 30-JUN-21 $'000
Revenue from continuing operations	1,438,510	2,437,656	2,087,542
Other income	24,944	47,251	9,091
Materials expense	(450,595)	(734,512)	(628,091)
Labour costs	(572,315)	(1,037,993)	(875,850)
Rental & hire expense	(27,868)	(45,306)	(18,177)
Depreciation expense	(144,242)	(250,120)	(222,230)
Amortisation expense	(17,223)	(29,042)	(39,303)
Finance costs	(33,389)	(56,316)	(63,452)
Finance income	2,678	397	495
Other expenses from ordinary activities	(134,556)	(238,531)	(227,656)
Impairment of assets	(4,728)	(23,162)	(70,563)
Profit/(loss) before income tax	**81,216**	**70,322**	**(48,194)**
Income tax expense	(37,181)	(27,836)	(4,109)
Profit/(loss) for the year	**44,035**	**42,486**	**(52,303)**
Profit/(loss) is attributable to:			
Equity holders of Perenti Global Limited	39,661	40,658	(55,140)
Non-controlling interests	4,374	1,828	2,837
Profit/(loss) for the year	**44,035**	**42,486**	**(52,303)**
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Company			
	CENTS	**CENTS**	**CENTS**
Basic earnings/(loss) per share	5.7	5.8	(7.8)
Diluted earnings/(loss) per share	5.6	5.7	(7.8)

(c) Perenti's historical statements of comprehensive income

The following table presents Perenti's historical statements of comprehensive income for the financial years ended 30 June 2021, 30 June 2022 and for the 6 months ended 31 December 2022.

	HALF YEAR ENDED 31-DEC-22 $'000	FULL YEAR ENDED 30-JUN-22 $'000	FULL YEAR ENDED 30-JUN-21 $'000
(Loss)/Profit for the year	**44,035**	**42,486**	**(52,303)**
Other comprehensive loss			
Items that may be classified to profit or loss			
Exchange losses on translation of foreign operations	(585)	(26,497)	(680)
Exchange gains/(losses) on translation of foreign operations — non controlling interest	206	1,185	(508)
Items that will not be reclassified to profit or loss			
Loss on revaluation of land and buildings, net of tax	—	—	(175)
Gain on revaluation of FVOCI financial assets, net of tax	—	21,762	1,333
Other comprehensive loss for the year, net of tax	**(379)**	**(3,550)**	**(30)**
Total comprehensive income/(loss) for the year	**43,656**	**38,936**	**(52,333)**
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of Perenti Global Limited	39,076	35,923	(54,662)
Non-controlling interests	4,580	3,013	2,329
Total comprehensive income/(loss) for the year	**43,656**	**38,936**	**(52,333)**

(d) Perenti's historical statements of financial position

Set out in the following table are Perenti's historical financial position as at 30 June 2021, 30 June 2022 and for 31 December 2022.

	AS AT 31-DEC-22 $'000	AS AT 30-JUN-22 $'000	AS AT 30-JUN-21 $'000
ASSETS			
Current Assets			
Cash & cash equivalents	322,471	348,519	264,741
Trade & other receivables	390,095	391,101	325,893
Inventories	227,542	212,119	214,411
Current tax receivables	11,433	12,546	10,545
Assets classified as held for sale	6,200	7,488	28,894
Total Current Assets	**957,741**	**971,773**	**844,484**
Non-current assets			
Receivables	13,376	9,430	4,889
Financial assets at fair value through other comprehensive income	—	—	25,536
Property, plant & equipment	941,847	926,320	716,667
Right-of-use assets	44,950	59,305	74,691
Intangible assets	638,677	652,207	678,814
Deferred tax assets	162,776	170,239	147,741
Total non-current assets	**1,801,626**	**1,817,501**	**1,648,338**
Total Assets	**2,759,367**	**2,789,274**	**2,492,822**
LIABILITIES			
Current liabilities			
Trade & other payables	327,749	393,298	260,311
Borrowings	1,851	2,172	3,268
Lease liabilities	20,821	27,943	24,537
Current tax liabilities	25,999	15,002	14,659
Employee benefit obligations	76,026	79,722	70,719
Total current liabilities	**452,446**	**518,137**	**373,494**
Non-current liabilities			
Borrowings	844,388	843,492	690,923
Lease liabilities	21,887	28,250	49,272
Deferred tax liabilities	69,095	72,240	78,135
Employee benefit obligations	5,447	4,263	2,870
Provisions	228	532	65
Total non-current liabilities	**941,045**	**948,777**	**821,265**
Total liabilities	**1,393,491**	**1,466,914**	**1,194,759**
Net assets	**1,365,876**	**1,322,360**	**1,298,063**
EQUITY			
Contributed equity	1,126,135	1,137,030	1,137,783
Other reserves	(45,026)	(56,027)	(10,594)
Retained earnings	270,598	230,937	160,986
Capital and reserves attributable to owners of Perenti Limited	1,351,707	1,311,940	1,288,175
Non-controlling interest	14,169	10,420	9,888
Total equity	**1,365,876**	**1,322,360**	**1,298,063**

5. INFORMATION ON PERENTI CONTINUED

(e) Perenti's historical statements of cash flow

Set out in the following table are Perenti's historical statements of cash flow for years ended 30 June 2021, 30 June 2022 and the 6 months ended 31 December 2022.

	HALF YEAR ENDED 31-DEC-22 $'000	FULL YEAR ENDED 30-JUN-22 $'000	FULL YEAR ENDED 30-JUN-21 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)	1,513,436	2,515,724	2,214,811
Payments to suppliers and employees (inclusive of goods and services tax)	(1,302,874)	(2,056,808)	(1,818,019)
	210,562	458,916	396,792
Interest received	703	397	495
Insurance recovery	—	—	2,124
Interest & other costs of finance paid	(32,079)	(49,919)	(46,701)
Income taxes paid	(20,759)	(68,092)	(56,447)
Net cash inflow from operating activities	**158,427**	**341,302**	**296,263**
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles	(165,185)	(467,937)	(278,619)
Proceeds from sale of property, plant and equipment	13,339	26,715	85,400
Proceeds from sale of assets at FVOCI	—	56,625	—
Proceeds from sale of businesses	—	46,186	—
Proceeds from sale of assets held for sale	10,051	31,158	—
Payments for purchase of subsidiaries	—	(3,750)	(10,570)
Cash removed on disposal of subsidiary	—	(1,897)	—
Cash acquired on acquisition of subsidiary	—	493	1,785
Repayment of loan by non-controlling interest	—	609	—
Repayment of loans by related party	168	—	—
Loan to non-controlling interest	—	—	(2,079)
Net cash outflow from investing activities	**(141,627)**	**(311,798)**	**(204,083)**
Cash flows from financing activities			
Proceeds from borrowings	317,587	310,926	675,752
Repayment of borrowings	(304,230)	(217,873)	(703,064)
Redemption premium on 2022 High Yield Bonds	—	—	(8,143)
Payments of lease liabilities	(15,779)	(26,432)	(30,458)
Dividends paid	—	(14,108)	(63,482)
Dividends paid to non-controlling interest	—	(2,610)	—
Payments for borrowing costs	(4,173)	(139)	(17,199)
Transactions with non-controlling interest	—	(36)	2,063
Payments for share buy-back, gross of transaction costs	(14,012)	—	—
Payments for Perenti notes buy-back, gross of transaction costs	(24,785)	—	—
Proceeds from disposal of a non-controlling interest in a subsidiary	5,400	—	—
Proceeds from issues of shares, net of transaction costs	—	—	81
Payments for shares bought back, net of transaction costs	—	(940)	—
Net cash inflow/(outflow) from financing activities	**(39,992)**	**48,788**	**(144,450)**
Net increase/(decrease) in cash and cash equivalents	**(23,192)**	**78,292**	**(52,270)**
Cash and cash equivalents at the beginning of the financial year	348,519	264,741	327,491
Effects of exchange rate changes on cash and cash equivalents	(2,856)	5,486	(10,480)
Cash and cash equivalents at end of year	**322,471**	**348,519**	**264,741**

(f) Reconciliation between statutory profit or loss and underlying net profit after tax

Below is a reconciliation between Perenti's underlying net profit after tax before amortisation (NPAT(A)) and its statutory net profit or loss for the years ended 30 June 2021, 30 June 2022 and for the 6 months ended 31 December 2022. Underlying NPAT(A) is a non-IFRS measure which has not been subject to audit or review. This measure may not be comparable to similarly titled measures of other companies and should not be construed as an alternative to other financial measures determined in accordance with Australian accounting standards.

The underlying NPAT(A) has been presented to facilitate a better understanding of Perenti's earnings after adjusting for irregular and/or one-off items, profits related to minority ownership and non-cash amortisation of intangible assets. Although Perenti believes this non-IFRS financial measure provides useful information to investors in measuring the financial performance and condition of the business of Perenti, investors are cautioned not to place undue reliance on any non-IFRS financial information included in this section.

	HALF YEAR ENDED 31-DEC-22 $'000	FULL YEAR ENDED 30-JUN-22 $'000	FULL YEAR ENDED 30-JUN-21 $'000
Underlying net profit after tax before amortisation	**60,955**	**81,740**	**77,000**
Transaction, restructuring and other one-offs	(988)	(9,910)	(4,205)
US 144a notes (redemption) / net gain on re-purchases	1,495	—	(8,143)
Non-cash impairment of Customer Related Intangibles	—	(23,162)	—
Non-cash impairment in relation to sale of business	(4,728)	—	—
Impact of Africa strategic review, country exit and other write-downs	—	(11,619)	(106,107)
Net gain on disposal of business	—	25,643	—
Net foreign exchange loss	(2,107)	(1,962)	(7,100)
Net tax effect	(109)	10,162	32,800
Non-controlling interest and other	4,374	635	2,756
Statutory profit /(loss) before amortisation	**58,892**	**71,526**	**(12,999)**
Non-cash amortisation of intangibles	(14,858)	(29,042)	(39,303)
Statutory net profit/(loss)	**44,035**	**42,486**	**(52,303)**

5.10 MATERIAL CHANGES IN PERENTI'S FINANCIAL POSITION AND FINANCIAL PERFORMANCE

The most recent published financial statements of Perenti are provided in its 2022 Annual Report, which was released to ASX on 23 August 2022 and its 2023 First Half Yearly Report released to ASX on 21 February 2023.

To the knowledge of Perenti Directors, there has not been any material change in the financial position or performance of Perenti since 31 December 2022, except as disclosed in this Scheme Booklet or otherwise in announcements to the ASX.

5.11 CAPITAL STRUCTURE AND SUBSTANTIAL SHAREHOLDERS

(a) Perenti securities on issue

As at the Last Practicable Date, the capital structure of Perenti comprised of the following securities. No other securities in Perenti were on issue as at the Last Practicable Date.

CAPITAL STRUCTURE	NUMBER ON ISSUE
Perenti Shares	682,172,308
Performance rights	31,258,504
Retention rights	3,129,131
Short-term incentive rights	1,641,471
Number of Perenti Shares (fully diluted)	**718,201,414**

5. INFORMATION ON PERENTI CONTINUED

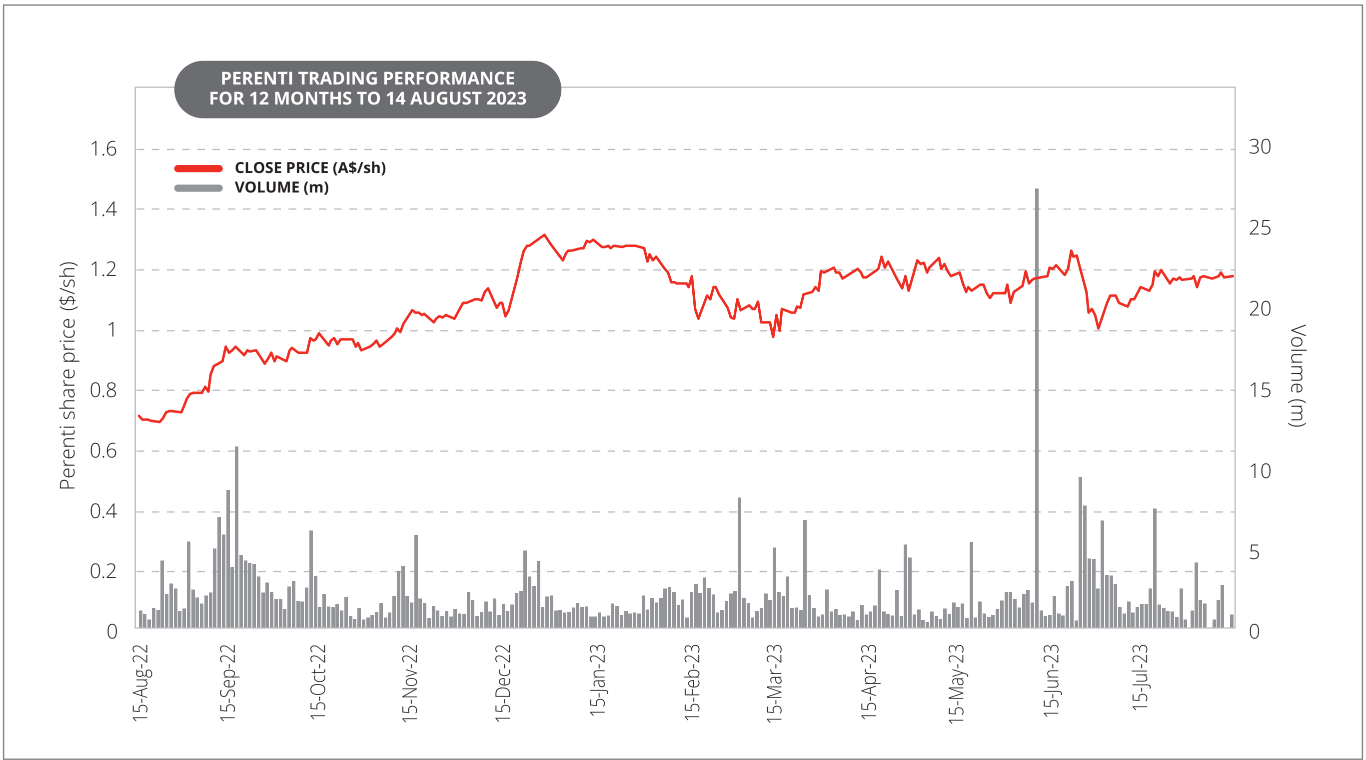
(b) Substantial shareholders

Based on publicly released substantial holder notices as at the Last Practicable Date, the holders of Relevant Interests in 5% or more of the Perenti Shares are:

SHAREHOLDER NAME	NUMBER OF PERENTI SHARES	PERCENTAGE SHAREHOLDING
First Sentier Investors Holdings Pty Limited & Mitsubishi UFJ Financial Group, Inc.	50,013,250	7.33%
Dimensional Fund Advisors	39,950,540	5.86%
Vanguard Group	34,452,089	5.05%

5.12 RECENT SHARE PRICE PERFORMANCE

The following chart shows the closing Perenti Share price and corresponding daily volume traded over the last 12 months up to and including the Last Practicable Date:



The table below indicates the price of Perenti Shares as at the Last Practicable Date at or during the following periods:

AS AT THE LAST PRACTICABLE DATE	PER SHARE[13]
The last recorded traded price	$1.205 (14 August 2023)
The highest recorded traded price of Perenti Shares in the previous three month period	$1.29 (21 June 2023)
The lowest recorded traded price of Perenti Shares in the previous three month period	$1.025 (30 June 2023)
The highest recorded traded price of Perenti Shares in the previous twelve month period	$1.345 (28 December 2022)
The lowest recorded traded price of Perenti Shares in the previous twelve month period	$0.70 (22 August 2022)
The closing price of Perenti Shares on 23 June 2023 (the last trading day prior to announcement of the Scheme)	$1.275

13 Price data obtained from Factset as at the Last Practicable Date.

5.13 RIGHTS AND LIABILITIES ATTACHING TO NEW PERENTI SHARES

The rights and liabilities attaching to any New Perenti Shares provided as Scheme Consideration will be identical in all respects to the terms of all existing Perenti Shares.

A summary of the key rights and liabilities attaching to Perenti Shares is set out below. This summary is qualified by the full terms of the Perenti Constitution (a full copy of the Perenti Constitution is available from the ASX's website: https://announcements.asx.com.au/asxpdf/20221017/pdf/45gcnd81vk3594.pdf) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Perenti Shareholders. The rights and liabilities attaching to Perenti Shares are also subject to the Corporations Act and the Listing Rules. These rights and liabilities can involve complex questions of law arising from an interaction of the Perenti Constitution with statutory and common law requirements.

(a) Overview

Under the Corporations Act, the Perenti Constitution has effect as a contract:

(i) between Perenti and each Perenti Shareholder;

(ii) between Perenti and each director and company secretary of Perenti; and

(iii) a Perenti Shareholder and each other Perenti Shareholder.

Accordingly, if you receive New Perenti Shares under the Scheme, you are taken to receive them subject to the terms of the Perenti Constitution and you will be bound by the terms of the Perenti Constitution.

(b) Meetings of Shareholders and notices

Each Perenti Shareholder is entitled to receive notice of general meetings of Perenti and to receive all notices and other documents as required by the Corporations Act or the Listing Rules.

Perenti may give a notice of meeting to Perenti Shareholders by serving it personally, sending it by post to the address shown in Perenti's register of members or any other address the Perenti Shareholder nominates, or by sending it by electronic means to the electronic address the Perenti Shareholder has nominated or supplied, or by notifying the Perenti Shareholder via physical or electronic means that the notice is available (on an electronic platform) and specifying how the Perenti Shareholder may access the notice.

(c) Voting rights

Subject to the Perenti Constitution and to any rights or restrictions attached to any Perenti Shares, at a general meeting of Perenti Shareholders, each Perenti Shareholder entitled to attend and vote in person, by proxy, by attorney or by a duly authorised representative has one vote on a show of hands and, on a poll, one vote for every fully paid Perenti Share held. If two or more persons are registered as joint holders of any Perenti Share, only one holder shall be entitled to vote at a meeting either personally or by proxy, attorney or representative in respect of such share as if they were solely entitled to it. If more than one of such joint holders is present at a meeting personally or by proxy, attorney or representative and seeks to vote, then the holder whose name stands first on Perenti's register of members shall be entitled to vote in respect of such share, to the exclusion of the other joint holder(s).

Subject to the Listing Rules, every resolution at a general meeting may be decided by a show of hands or by a poll at the election of the chair of the meeting, unless a poll is demanded by:

(i) the chair of the meeting;

(ii) at least five Perenti Shareholders present having the right to vote at the meeting; or

(iii) any Perenti Shareholder present representing not less than 5% of the total voting rights of all the Perenti Shareholders having the right to vote on the resolution.

(d) Dividend rights and distributions in kind

The Perenti Directors may declare a dividend or determine that a dividend is payable and fix the amount, the time for payment and the method of payment.

Subject to the rights of persons (if any) entitled to Perenti Shares with special rights as to dividends, all dividends shall be paid to Perenti Shareholders proportionately according to the amounts paid or credited as paid on the Perenti Shares.

Perenti Directors may direct payment of such dividend wholly or partly by the distribution of specific assets and in particular of paid up Perenti Shares, options, debentures or debenture stock of Perenti or any other company or in any one or more of such ways.

Perenti Directors may determine to elect to receive bonus Perenti Shares in lieu of dividends or to re-invest all or part of the dividends, interest or any other moneys paid by Perenti, and may determine from time to time any scheme or plan for such issue of bonus Perenti Shares or reinvestment.

(e) Issue of further Perenti Shares

Subject to the Corporations Act, the Listing Rules and the Perenti Constitution, the Perenti Directors may issue shares (and other securities) in Perenti. Subject to the Corporations Act, any preference shares may, with the sanction of a resolution of Perenti in a general meeting, be issued on the terms that they are, or at the option of Perenti are, liable to be redeemed or convertible into ordinary shares.

(f) Transfer of Perenti Shares

Generally, all shares in Perenti are freely transferable, subject to the procedural requirements of the Perenti Constitution, and to the provisions of the Corporations Act, the ASX Settlement Operating Rules and the Listing Rules. Perenti may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is otherwise permitted under the Perenti Constitution. If Perenti declines to register a transfer, Perenti must give notice of the refusal as required by the Perenti Constitution.

(g) Variation of rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The provisions of the Perenti Constitution relating to general meetings apply to every such meeting, with such changes as are necessary being made, except that:

(i) the necessary quorum is Perenti Shareholders present holding or representing 75% of the nominal amount of the issued shares of the class; and

(ii) any Perenti Shareholder present holding shares of the class may demand a poll.

If a quorum is not present at such a meeting or if the resolution is not passed by the necessary majority, such rights may be varied with the consent in writing of the holders of at least 75% of the issued shares of that class within 2 months from the date of such meeting.

(h) Non-marketable parcels

Perenti may sell Perenti Shares that constitute less than a marketable parcel (generally a holding of Perenti Shares with a market value of less than $500) by following the procedures set out in the Perenti Constitution.

(i) Proportional takeover provisions

The Perenti Constitution contains provisions requiring Perenti Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Perenti Shareholders passing a special resolution by the third anniversary of either the date those rules were adopted or the date those rules were last renewed. As at the date of this Scheme Booklet the provisions apply.

(j) Director appointment and removal

Perenti must have at least three directors and no more than eight directors. Subject to the Corporations Act, the maximum number of appointed directors may be increased or decreased at a general meeting, but the minimum number shall not be less than three.

At every annual general meeting of Perenti, there must be an election of directors. No director (excluding the managing director) may hold office without re-election beyond the third annual general meeting following that director's appointment or last re-election, or for more than three years (whichever is longer). The Perenti Directors may at any time appoint any person as a director either to fill a casual vacancy or as an additional director, who will then hold office until the conclusion of the next annual general meeting of Perenti and will be eligible for re-election at that meeting.

Any Perenti Director may retire from office upon giving notice in writing to Perenti of their intention to do so and such resignation takes effect upon the expiration of the notice or its earlier acceptance.

Subject to the Corporations Act, Perenti may by resolution passed at any general meeting remove any Perenti Director before the expiration of their period of office and appoint another person in their stead. The person so appointed holds office during such time only as the Perenti Director in whose place they are appointed would have held office.

(k) Capitalising profits

The Perenti Directors may capitalise and distribute among Perenti Shareholders undivided profits and other amounts available for distribution, in the proportions to which those Perenti Shareholders would have been entitled in a distribution of that sum by way of dividend.

(l) Winding up

If Perenti is wound up, the liquidator may, with the sanction of a special resolution of Perenti, divide amongst the Perenti Shareholders in kind the whole or any part of the assets of Perenti (whether they consist of property of the same kind or not) and may for that purpose set such value as they deem fair upon any property to be divided and may determine how the division shall be carried out as between the shareholders or different classes of shareholders.

The liquidator may with the like sanction vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributories as the liquidator with the like sanction thinks fit but so that no shareholder is compelled to accept any shares or other securities whereon there is any liability.

5.14 PERENTI INCENTIVE RIGHTS PLAN

Perenti had established an Incentive Rights Plan for eligible employees holding senior executive and senior management roles with a focus on delivering outcomes that create value for shareholders. The plan allows for three different types of incentive rights: retention rights, performance rights and short-term incentive rights. Participation under the Perenti Incentive Rights Plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits. Rights are granted for nil consideration under the plan and carry no dividend or voting rights.

The Perenti Incentive Rights Plan is supported by the Perenti Incentive Rights Plan Trust which was established to facilitate and manage the issue or acquisition of shares on the settlement of vested Perenti Rights, if any.

All Perenti Rights currently on issue were issued under the Perenti Incentive Rights Plan. Each Perenti Right entitles the participant to receive one Perenti Share for nil consideration if the Perenti Right vests upon achievement of the relevant vesting conditions.

5.15 DIRECTOR INTERESTS IN DDH1 SECURITIES

As at the date of this Scheme Booklet, no Perenti Director holds a Relevant Interest in DDH1 Shares or any other DDH1 securities.

5.16 DIRECTOR INTERESTS IN PERENTI SECURITIES

As at the date of this Scheme Booklet, the number of Perenti securities held or controlled by or on behalf of each Perenti Director is as follows:

DIRECTOR	PERENTI SHARES	PERENTI RIGHTS
Robert Cole	249,831	N/A
Mark Norwell	933,980	5,468,560 (comprising 4,952,599 and 515,961 Perenti Rights held directly and indirectly respectively)
Mark Hine	145,000	N/A
Alexandra Atkins	66,166	N/A
Andrea Hall	142,500	N/A
Timothy Longstaff	143,500	N/A
Craig Laslett	101,000	N/A

5.17 OTHER INTERESTS OF PERENTI DIRECTORS

Except as provided for in this Scheme Booklet, the Perenti Directors have no interest in the outcome of the Scheme.

5.18 PERENTI INTEREST AND DEALINGS IN DDH1 SECURITIES

At the date of this Scheme Booklet, Perenti and its Associates have a Relevant Interest in 80,178,575 DDH1 Shares (representing Voting Power of approximately 19.99% in DDH1) under the call option deed dated 25 June 2023 between Perenti and Oaktree (**Call Option Deed**).

Under the Call Option Deed, if a public announcement is made of, or in relation to, a competing proposal, Perenti may give notice in writing to Oaktree requiring it to sell its 80,178,575 DDH1 Shares to Perenti. The exercise price per DDH1 Share under the Call Option Deed is $1.03, which represents the value of a DDH1 Share as implied by the Transaction calculated immediately prior to announcement of the Transaction (based on the closing price of Perenti Shares on 23 June 2023), as adjusted in accordance with the Call Option Deed. The Call Option Deed does not restrict Oaktree's ability to exercise, in its absolute discretion, the votes attaching to any DDH1 Shares held by it (including at any scheme meeting in relation to the Transaction).

Further details of Perenti and its Associates' Relevant Interest in DDH1 Shares can be found in DDH1's Form 603 Notice of initial substantial holder released to the ASX on 26 June 2023. Other than as disclosed above, none of Perenti nor any of its Associates has acquired or disposed of a Relevant Interest in any DDH1 Security in the four-month period ending on the date immediately before the date of this Scheme Booklet.

Except for the Scheme Consideration to be provided under the Scheme and as described in the Scheme Booklet, during the period of four months before the date of this Scheme Booklet, none of Perenti nor any of its Associates has provided, or agreed to provide, consideration for any DDH1 Shares or other DDH1 securities under any transaction.

5.19 DISCLOSURE OF INTERESTS

Except as otherwise provided in this Scheme Booklet, no:

(a) Perenti Director or proposed director of Perenti; or

(b) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet for or on behalf of Perenti,

(together, the **Interested Persons**) holds, or held at any time during the two years before the date of this Scheme Booklet, any interests in:

(c) the formation or promotion of Perenti or the Combined Group;

(d) property acquired or proposed to be acquired by Perenti in connection with the formation or promotion of Perenti or the Combined Group or the offer of New Perenti Shares under the Scheme; or

(e) the offer of New Perenti Shares under the Scheme.

5.20 DISCLOSURE OF FEES AND OTHER BENEFITS

Except as otherwise disclosed in this Scheme Booklet, Perenti has not paid or agreed to pay any fees, or provided or agreed to provide any benefit:

(a) to a Perenti Director or proposed director of Perenti to induce them to become or qualify as a Perenti Director;

(b) for services provided by any Interested Persons in connection with:

  (i) the formation or promotion of Perenti or the Combined Group; or

  (ii) the offer of the New Perenti Shares under the Scheme.

5.21 COLLATERAL BENEFITS

Except as otherwise disclosed in this Scheme Booklet, in the four months before the date of this Scheme Booklet, neither Perenti nor any of its Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to vote in favour of the Scheme or dispose of DDH1 Shares which benefit is not offered to all DDH1 Shareholders under the Scheme.

5.22 PUBLICLY AVAILABLE INFORMATION ABOUT PERENTI

Perenti is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Perenti is subject to the ASX Listing Rules which require continuous disclosure of any information Perenti has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities, subject to exceptions to certain confidential information. Copies of these announcements can be obtained free of charge from Perenti's website at https://perentigroup.com/investors/performance-and-news/asx-announcements/ or by visiting the ASX website at www.asx.com.au.

ASIC also maintains a record of documents lodged with it by Perenti which can be obtained using services provided by ASIC, information in respect of which can be found on the ASIC website at www.asic.gov.au. Please note, ASIC may charge a fee in respect of such services.

On request to Perenti and free of charge, DDH1 Shareholders may obtain a copy of:

- the annual financial report of Perenti for the year ended 30 June 2022 (being the annual financial report most recently lodged with ASIC before lodgement of this Scheme Booklet with ASIC) (**Latest Perenti Annual Report**); and
- any continuous disclosure notice given to ASX by Perenti since the lodgement with ASIC of the Latest Perenti Annual Report on 23 August 2022 and before lodgement of this Scheme Booklet with ASIC.

DDH1 Shareholders may request copies of the above documents by email to investorrelations@perentigroup.com or by phone at +61 8 9421 6580.

Set out below is a list of announcements made by Perenti to ASX (excluding daily notifications of on-market buy-back activities) from the date of Perenti's announcement of the Scheme Implementation Agreement on 26 June 2023 to the Last Practicable Date.

DATE	ANNOUNCEMENT
26 June 2023	DDH: DDH1 and Perenti Scheme Implementation Agreement
26 June 2023	Perenti and DDH1. Continued creation of enduring value
26 June 2023	Perenti and DDH1. Continued creation of enduring value
26 June 2023	Perenti's acquisition of DDH1 briefing notification
26 June 2023	Form 603 - Notice of initial substantial holder for DDH
26 June 2023	Change of Director's Interest Notice
28 June 2023	Becoming a substantial holder
30 June 2023	Becoming a substantial holder
3 July 2023	Becoming a substantial holder from MUFG
3 July 2023	Change in substantial holding
4 July 2023	Becoming a substantial holder
4 July 2023	Becoming a substantial holder (correction) from MUFG
4 July 2023	Becoming a substantial holder
4 July 2023	Becoming a substantial holder
5 July 2023	Ceasing to be a substantial holder
5 July 2023	Ceasing to be a substantial holder
6 July 2023	Ceasing to be a substantial holder from MUFG
7 July 2023	Ceasing to be a substantial holder
7 July 2023	Ceasing to be a substantial holder
12 July 2023	Notification of cessation of securities - PRN
17 July 2023	Investor Roadshow Presentation
9 August 2023	Becoming a substantial holder
10 August 2023	Becoming a substantial holder from MUFG
14 August 2023	Notification of Perenti's FY23 Financial Results

5.23 OTHER MATERIAL INFORMATION

Except as otherwise disclosed in this Scheme Booklet, the Perenti Board is not aware of any information, as at the date of this Scheme Booklet, that is material to the making of a decision in relation to the Scheme which has not been previously disclosed to DDH1 Shareholders.

6. OVERVIEW OF THE COMBINED GROUP

The information contained in this Section 6 has been prepared by Perenti (other than information relating to DDH1 that was provided by or on behalf of DDH1, which is contained in or used in the preparation of this Section). The information concerning Perenti and (subject to the same qualifications) the Combined Group, and the intentions, views and opinions contained in this Section 6 are the responsibility of Perenti. Although Perenti believes that the views reflected in this Section 6 have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

DDH1 and its officers and advisers do not assume any responsibility for the accuracy or completeness of the information in this Section 6.

6.1 OVERVIEW OF THE COMBINED GROUP

If the Scheme is implemented, the Transaction will combine Perenti and DDH1 to create a leading global contract mining services player with deep capabilities across drilling services, contract mining, and mining services with a technology driven service offering.

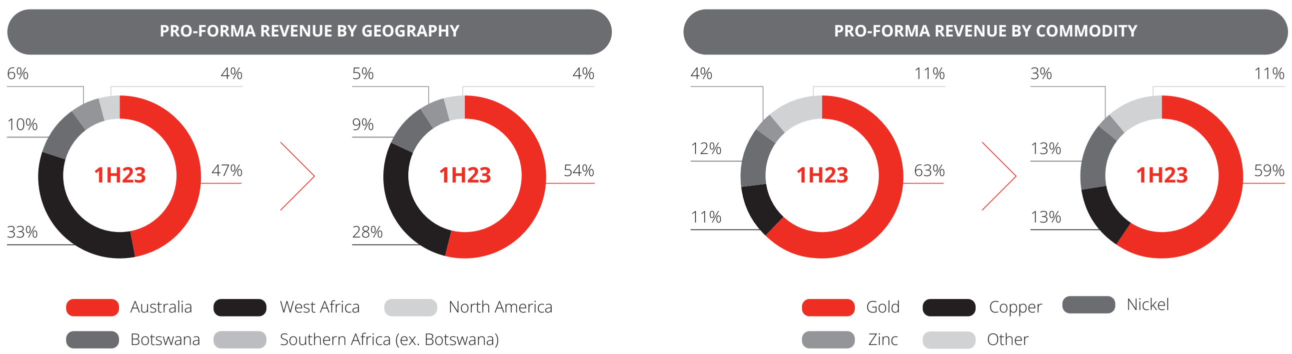
DDH1's established brands, including DDH1 Drilling, Ranger Drilling, Strike Drilling, and Swick Mining Services, will remain independent within the newly formed Drilling Services Division, providing a consistent service offering and customer continuity. All four of DDH1 brands' general management teams will also be retained to support current DDH1 CEO Sy Van Dyk in his new role as president of the Drilling Services Division. This division will also incorporate Perenti's 'Ausdrill' drilling services business to create a Tier 1 global drilling services provider. Shared experiences derived from Ausdrill's heritage and DDH1's proven operating history are expected to enhance the Drilling Services Division's services and customer offering whilst complementing Perenti's existing Contract Mining and Mining Services Divisions. The Combined Group is expected to benefit from leveraging Perenti's operating model to ensure an efficient and low cost integration, whilst also realising the potential to cross sell to existing clients across Perenti's Contract Mining Division and DDH1's existing client base.

Perenti has built a portfolio of companies designed to service the mining value chain throughout Australia, Africa and around the world. The Combined Group will build upon this portfolio of complementary businesses that deliver consistent and quality cash profits to create enduring value for the Combined Group's clients, people and investors.

Only global mining contractor with large scale capability in both surface and underground mining

Perenti Contract Mining	Barminco, African Underground Mining Services	A global leader in hard-rock underground mining with operations in Australia, Africa and North America
	AMS	One of Africa's largest hard-rock surface mining contractors
Perenti Mining Services	BTP, Logistics Direct, Supply Direct	A portfolio of specialised (less capital intensive) businesses predominantly working with clients across the mining sector, to deliver value-add services that meet current and emerging needs
Perenti Drilling Services	DDH1 Drilling	Multi-commodity, diamond coring
	Swick	Underground diamond core specialist
	Ranger Drilling	Reverse circulation and coring specialist
	Strike Drilling	Air-core and reverse circulation
	Ausdrill	Australian drilling industry pioneer
idoba	Orelogy, idoba	Technology informed services and products business that provides digital, technology and consulting services aimed at rethinking, transforming and disrupting the mining industry

The Combined Group will have a diversified and balanced portfolio both by geography and commodity, with a combined Australian exposure of 54% of revenue and a highly attractive commodity mix, including exposure to battery metals that are crucial to the deployment of clean energy technologies as part of the energy transition. The Combined Group will have minimal exposure to greenfield exploration, with only 5% of group revenue expected to be derived from greenfield exploration. The Combined Group will also be predominantly exposed to underground mining (~65% of revenue), enabling it to capitalise on opportunities that are expected to arise from the ongoing industry transition from shallower to deeper deposits. Deeper deposits typically involve more complex geologies and require larger drilling programs with specialist capabilities. DDH1's expertise in deep directional drilling and predominantly diamond core fleet results in a significant competitive advantage and positions DDH1 to capitalise on new deep drilling opportunities. Further, mine owners seeking lower capital costs and rapid access to ore and cash flow have a preference for rapid decline underground mining. High speed rapid decline development was pioneered by Barminco over 30 years ago and has since been adopted widely in Australia but not elsewhere. Consequently, Perenti enjoys a substantial productivity advantage over global competitors and are leaders in high-speed development.



6.2 STRATEGIC RATIONALE FOR THE TRANSACTION

The strategic rationale for the Transaction is summarised below:

(a) Enhances scale and broadens strategic service offering to customers

The combination of DDH1 and Perenti will result in a world-class mining services group, offering comprehensive drilling services, contract mining, technology solutions and other mining services across the globe. The Combined Group will be positioned as the leading ASX-listed contract mining, mining services, drilling services and technology company.

DDH1 provides significant capabilities and access to a complete range of specialised surface and underground drilling services operating across four iconic brands. DDH1's established brands, including DDH1 Drilling, Ranger Drilling, Strike Drilling, and Swick Mining Services, will retain their identities within the newly formed Drilling Services Division. This division will also incorporate Perenti's "Ausdrill" drilling services business. Together, the Combined Group will be a tier one global provider, with a modern fleet of over 290 rigs – one of the largest drill fleets globally.

The Combined Group has complementary geographic footprints, enabling an expanded market presence and enhanced service capabilities to meet the evolving needs of clients across the entire mine life cycle. Shareholders are also expected to benefit from the enhanced liquidity and capital markets profile of the Combined Group which will help to attract domestic and global investors and provide support for potential ASX 200 index inclusion.

(b) Strategically positions business for long-term trends

The Transaction combines the highly complementary strengths of both Perenti and DDH1 to best position the Combined Group to capitalise on key trends in the resources sector. Decarbonisation and electrification as part of the energy transition are expected to drive significant demand for critical minerals and consequently, new mine development and existing mine expansion. This is expected to generate significant drilling and contract mining services demand. The Combined Group's enhanced scale, specialist technical expertise and mining services capability across the entire mine lifecycle ensures it is best placed to capitalise on new opportunities. Further, the industry is transitioning from shallower to deeper deposits with more complex geologies that require specialist underground capability. The Transaction combines Perenti's high speed rapid decline development expertise pioneered by Barminco with DDH1's directional drilling capability to create a best in class operator with differentiated underground mining capability.

(c) Highly synergistic and accretive

The Transaction is expected to generate significant P&L synergies of $22 million (FY24 impact post tax, assuming full run rate). This is comprised of annual operational and listing cost synergies of ~$7 million (post tax) to be delivered within 2 years, as well as approximately $15 million (post tax) of accounting tax savings from offsetting DDH1 Australian earnings against Perenti's Australian tax losses, which will be realised from transaction implementation. Separately, there are substantial additional cash tax savings of ~$20 million per annum arising from the utilisation of Perenti's existing net operating losses (ongoing to the extent of continued carried forward tax losses within the Perenti Australia group). The predominantly scrip-based consideration structure ensures that both sets of shareholders share in the advantages and value upside created by the Combined Group.

The Transaction is anticipated to deliver double-digit earnings accretion post-synergies. This does not include additional synergy upside from cross-selling of services to respective client bases, ability to form relationships earlier in mine life cycle via drilling position for subsequent contract mining opportunities, de-risked expansion into new geographies, sharing of facilities footprint across the respective drilling brands and a unified approach to centralised corporate costs versus outsourcing. By leveraging collective resources, expertise, and market presence, the Combined Group will create a powerful force in the mining services industry, poised to seize new opportunities and drive sustainable growth.

(d) Financially compelling

The Transaction offers a financially compelling combination that accelerates Perenti's journey to achieving its stated 2025 Strategy Targets, including:

(i) Combined Group revenue generation greater than A$3.0bn;

(ii) Reduces leverage below 1.0x;

(iii) Achieves EBIT(A) margins of 10%; and

(iv) Generates a Return on Average Capital Employed (ROACE) greater than 20%.

In addition, the Transaction will reduce Perenti's effective tax rate and re-weight Perenti's earnings to Australia which is expected to enhance the generation of franking credits. Materially increased free cash flow will support the Combined Group in maintaining a conservative leverage position and provides further support for the potential reinstatement of dividends in line with Perenti's stated capital management policy.

(e) Alignment on sustainability and business culture

Perenti and DDH1 are strongly aligned in their approach to sustainability and business culture. The Combined Group will have a strong commitment to sustainability and ESG as part of its strategy to create long-term value for all stakeholders. The Scheme also provides the opportunity for the Combined Group to leverage combined ESG experience to enhance shared value for all stakeholders. The Combined Group will be committed to ensuring that all business activities interact with the natural environment in a consistently responsible manner, and will commit to pursuing the highest standards in all aspects of corporate governance and transparency.

(f) Highly experienced board and management team

The Scheme will combine two highly experienced boards and management teams with a proven track record of performance and service delivery across the full suite of drilling and mining services (including across all stages of the mining life cycle), in-house manufacturing, and maintenance and R&D capabilities. The Combined Group Board and management team will have a diverse range of backgrounds with extensive industry leading experience. More information regarding the intended composition of the proposed Combined Group Board is set out in section 6.3.

6.3 BOARD AND MANAGEMENT OF THE COMBINED GROUP

(a) Board of Directors

If the Scheme is implemented, the Combined Group Board will comprise eight members, with five independent directors from Perenti, two independent directors from DDH1 and Managing Director and CEO Mr Mark Norwell. If the Scheme is implemented, Mark Hine (who has served as a Perenti Director for 9 years) will take the opportunity to retire from the Board.

The Combined Group Board will comprise:

NAME	ROLE
Mark Norwell	Managing Director and CEO
Robert Cole	Chair Non-Executive Director
Alexandra Atkins	Non-Executive Director
Andrea Hall	Non-Executive Director
Timothy Longstaff	Non-Executive Director
Craig Laslett	Non-Executive Director
Diane Smith-Gander AO	Non-Executive Director
Andrea Sutton	Non-Executive Director

Profiles of Ms Diane Smith-Gander and Ms Andrea Sutton are set out in section 4.3.

Profiles of the other members of the Combined Group Board are set out in section 5.3.

(b) Senior Management

If the Scheme is implemented, it is anticipated that Mr Sy Van Dyk (current Managing Director and Chief Executive Officer of DDH1) will be appointed as President of the newly-created Drilling Services Division, comprising of DDH1's existing business and Perenti's existing Ausdrill business. The DDH1 brands will retain their general management teams, and Perenti's existing management team will remain in their existing roles.

(c) Remuneration and benefits

Each of Mark Norwell, Robert Cole, Alexandra Atkins, Andrea Hall, Timothy Longstaff and Craig Laslett will continue in their roles with Perenti on the same terms and conditions as before implementation of the Scheme (subject to any review of remuneration in the ordinary course, and subject to annual short-term and long-term incentive awards for Mark Norwell).

(d) Diane Smith-Gander and Andrea Sutton

If the Scheme is implemented, it is anticipated that Diane Smith-Gander AO (current DDH1 Chair) and Andrea Sutton (current DDH1 Non-Executive Director) will be appointed as Non-Executive Directors of Perenti on terms consistent with Perenti's existing remuneration policy.

Perenti's Non-Executive Directors' fees are set at a level which enables the attraction and retention of experienced and skilled Board members to ensure an effective oversight role over Perenti. Fee levels aim to reflect the demands which are made on, and the responsibilities of, the directors.

Non-Executive Directors' fees are reviewed annually by the Board to ensure fee levels are appropriate and in-line with the market. An additional fee is provided for service as a committee chair or member (other than for the chair or members of the Nomination Committee).

As at the Last Practicable Date, Perenti's Non-Executive Directors earn directors' fees of $126,500 per annum. In addition, those Non-Executive Directors who sit on Board committees (other than the Nomination Committee) are paid an additional $11,000 in fees per committee (or $22,000 if chairing the committee).

(e) Sybrandt (Sy) Van Dyk

An employment agreement is proposed to be entered into between Perenti and Sy Van Dyk which is conditional on the Scheme being implemented, on the terms of the Perenti Group's standard executive service agreement for total remuneration consistent with Sy Van Dyk's existing arrangements with the DDH1 Group (although the exact composition of Mr Van Dyk's remuneration is still being finalised). Further details regarding the composition of Mr Van Dyk's remuneration will be set out in the supplementary Scheme Booklet referred to in Section 1.6(c).

6.4 INTENTIONS OF PERENTI AND THE COMBINED GROUP

(a) Introduction

This section sets out the intentions in relation to Perenti and the Combined Group, assuming the Scheme is implemented.

The statements set out in this section are statements of current intention only, which may change as new information becomes available, as circumstances change, or as the Combined Group further develops its strategic focus and outlook.

(b) Continuation of Perenti and DDH1's business

Following the Transaction, a new Drilling Services Division will be created, comprising of the DDH1 business and Perenti's existing Ausdrill business. Sy Van Dyk, current Managing Director & CEO of DDH1, will be appointed as President of the newly created division. Each of the four existing DDH1 brands, DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick, will be maintained and led by their existing leadership teams, with a focus on providing a consistent offering and customer continuity.

Perenti otherwise intends to continue to operate the businesses of Perenti and DDH1 in a similar manner as they are currently operating, while focusing on the realisation of the identified Combined Group expected synergies. Notwithstanding this, Perenti will continue to undertake a detailed review of the Combined Group's operations covering strategic, financial and commercial operating matters to determine and implement improvements to deliver the optimal outcomes for the Combined Group.

(c) Directors, management and employees

Refer to section 6.3 for information regarding the Combined Group's intentions for the composition of the Combined Group Board.

Sy Van Dyk will be President of the newly created Drilling Services Division of the Combined Group. Each of the four existing DDH1 brands will retain their existing general management teams.

The Combined Group expects to be able to provide continued employment to DDH1's existing workforce, subject to arrangements regarding the composition of the Combined Group Board and senior management as set out above.

(d) Employee incentive arrangements

Perenti intends to continue utilising Perenti's Incentive Rights Plan described in Section 5.14 in order to provide incentive arrangements to its officers and employees.

DDH1's existing employee incentive plans will no longer be applicable following implementation of the Scheme.

Please refer to Section 1.12 for details regarding the treatment of DDH1 Performance Rights if the Scheme is implemented and Section 4.5(b) for details of the DDH1 Performance Rights on issue.

(e) Debt facilities

Perenti will engage with DDH1's lender and explore opportunities for the lender to become part of the broader Perenti syndicate. Perenti's existing A$420 million and US$432.9 million syndicated debt facility and US 144A notes respectively, will remain in place and continue to exist on current terms.

(f) Delisting

In accordance with the Scheme Implementation Agreement, if the Scheme is implemented DDH1 will apply for termination of the official quotation of DDH1 Shares on the ASX and to be removed from the official list of the ASX. DDH1 will become a wholly-owned subsidiary of Perenti. DDH1's corporate structure is otherwise expected to remain largely intact.

(g) Corporate office and trading name

The Combined Group will continue with Perenti Limited as holding company, with its with its corporate office in Northbridge, Western Australia. Perenti will continue to be listed on ASX.

(h) Dividend policy

In line with Perenti's Capital Management Policy, distributions to shareholders will be considered where leverage is below 1.0x.

6.5 CAPITAL STRUCTURE OF THE COMBINED GROUP

(a) Basis of calculations

As noted in Section 5.8, the number of New Perenti Shares to be issued as Scheme Consideration is subject to numerous assumptions and qualifications. Those same assumptions and qualifications apply to the calculations in this Section 6.5.[14]

(b) Share capital

As at the date of this Scheme Booklet, Perenti has 682,172,308 shares on issue.

If the Scheme is approved and implemented, Perenti will issue approximately 287,259,711 New Perenti Shares to Scheme Shareholders, with the result that existing DDH1 Shareholders will own approximately 29.6% of the Combined Group. The table below summarises the pro-forma capital structure of the Combined Group upon implementation of the Scheme.

CAPITAL STRUCTURE	NUMBER ON ISSUE (PRO-FORMA) UPON IMPLEMENTATION OF THE SCHEME
Perenti Shares	**969,432,019**
Performance rights	31,258,504
Retention rights	3,129,131
Short-term incentive rights	1,641,471
Number of Perenti Shares (fully diluted)	**1,005,461,125**

14 Specifically, these figures are based on the assumption in Section 1.6 that no dividends will be paid by Perenti or DDH1 before implementation of the scheme. (Please refer to Section 1.6(c) regarding DDH1's intention to seek Court approval for the release of a supplementary Scheme Booklet if DDH1 or Perenti declares a dividend.) These figures are also based on the DDH1 capital structure as described in Section 4.5 and the assumption that all DDH1 Performance Rights on issue as at the Last Practicable Date vest and result in the issue of DDH1 Shares as described in Section 1.12; and do not take into account any rounding due to fractional entitlements of individual Scheme Shareholders.

(c) Substantial shareholders

Based on publicly released substantial holder notices as at the Last Practicable Date, and assuming that the relevant DDH1 Shareholders receive the Standard Consideration, the holders of Relevant Interests in 5% or more of the Perenti Shares, if the Scheme is implemented, would be:

SHAREHOLDER	VOTING POWER
Oaktree	5.92%
First Sentier Investors Holdings Pty Limited / Mitsubishi UFJ Financial Group, Inc.	5.16%

6.6 FINANCIAL PROSPECTS OF THE COMBINED GROUP

While Perenti proposes to give FY24 guidance in the ordinary course in respect of Perenti's expected performance, Perenti and DDH1 have given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information for the Combined Group. The Perenti Directors and DDH1 Directors have concluded that, as at the date of this Scheme Booklet, it would be misleading to provide forecast financial information for the Combined Group, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

The financial performance of the Combined Group will be influenced by various factors that cannot be predicted with a high level of confidence and are generally outside its control. It should be noted that past financial performance is not an indicator of future performance.

DDH1 Shareholders should refer to the Independent Expert's Report contained in Annexure B regarding valuations of DDH1 and Perenti.

6.7 COMBINED GROUP UNAUDITED PRO FORMA HISTORICAL FINANCIAL INFORMATION

(a) Combined Group financial information

This Section 6.7 contains the following pro forma historical financial information in respect of the Combined Group:

(i) Unaudited pro forma historical income statements of the Combined Group (**Combined Group Unaudited Pro Forma Historical Income Statements**);

(ii) Unaudited pro forma historical statements of cash flows of the Combined Group (**Combined Group Unaudited Pro Forma Historical Statements of Cash Flows**); and

(iii) Unaudited pro forma historical statement of financial position of the Combined Group (**Combined Group Unaudited Pro Forma Historical Statements of Financial Position**),

(together, the **Combined Group Unaudited Pro Forma Historical Financial Information**).

The Combined Group Unaudited Pro Forma Historical Financial Information should be read together with the:

(i) basis of preparation as set out in Section 6.7(b);

(ii) risk factors as set out in Section 7;

(iii) historical financial information of DDH1 and Perenti as set out in Sections 4.8 and 5.9 respectively; and

(iv) other information contained in this Scheme Booklet.

Deloitte has been appointed as the Investigating Accountant to prepare an Independent Limited Assurance Report in respect to the Combined Group Unaudited Pro Forma Historical Financial Information, a copy of which is included in Annexure C.

(b) Basis of preparation

The Combined Group Unaudited Pro Forma Historical Financial Information has been derived from the DDH1 and Perenti Historical Financial Information and prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, other than it is presented on a proforma basis as if implementation of the Scheme had already occurred and taking into account certain pro forma adjustments as set out in Sections 6.7 (d) and (e). The Combined Group Unaudited Pro Forma Historical Financial Information is presented in abbreviated form and consequently does not contain all the presentation and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

The Combined Group Unaudited Pro Forma Historical Financial Information set out in Section 6.7 has been prepared for illustrative purposes to provide DDH1 Shareholders with an indication of the financial performance, financial position and cash flows of the Combined Group as if the Scheme had been implemented prior to the commencement of the relevant financial year (or half-year, as applicable).[15]

The Combined Group Unaudited Pro Forma Historical Financial Information does not reflect the actual performance, financial position or cash flows of the Combined Group at the time of Implementation. It has been prepared for illustrative purposes only for this Scheme Booklet.

The Combined Group Unaudited Pro Forma Historical Financial Information presented in this Section 6.7 contains;

(i) the Combined Group Unaudited Pro Forma Historical Income Statements (Section 6.7 (c)) and Combined Group Unaudited Pro Forma Historical Statements of Cash Flows (Section 6.7(e)) for the year ended 30 June 2022 and the half year ended 31 December 2022 which are derived from DDH1's and Perenti's statutory historical financial information as presented in Sections 4.8 and 5.9 respectively and adjusted for the pro forma adjustments set out in Section 6.7(e);

(ii) the Combined Group Unaudited Pro Forma Historical Statement of Financial Position as at 31 December 2022 as set out in Section 6.7 (d) which is derived from DDH1's and Perenti's Statutory Financial Information as presented in Sections 4.8 and 5.9 respectively and adjusted for the pro forma adjustments set out in Section 6.7 (d); and

(iii) the pro forma adjustments set out in Section 6.7 (d) and (e).

15 No pro forma adjustments have been made to the Statement of Cash Flows for the year ended 30 June 2022.

6. OVERVIEW OF THE COMBINED GROUP CONTINUED

Basis of pro forma

From an accounting perspective Perenti will gain control over DDH1 and therefore, under AASB 3 Business Combinations (AASB 3), the Combined Group will be required to recognise the identifiable net assets of DDH1 at fair value within the Combined Group's financial statements. Any excess between the fair value of the consideration paid and the fair value of the identifiable net assets of DDH1 will be recognised as goodwill.

The value of the consideration for the acquisition of the DDH1 Shares under the Scheme will be measured based upon the value of the Perenti Shares at close of trading on the Implementation Date. A combination of cash and script (in the form of Perenti Shares) will form the total consideration. For the purposes of the Combined Group Unaudited Pro Forma Historical Financial Information, a value of $0.98 for each DDH1 Share (on a fully diluted basis) has been assumed, being cash of $0.1238 plus the merger ratio of 0.7111 of the VWAP of Perenti Shares over the 5 trading days up to and including 14 August 2023, being the Last Practicable Date. Consequently, the value of the purchase consideration for accounting purposes may differ from the amount assumed in the Combined Group Unaudited Pro Forma Historical Financial Information due to future changes in the market price of Perent Shares.

Under AASB 3, the Combined Group will have 12 months from the date of Perenti gaining control over DDH1 to undertake a purchase price allocation exercise to determine the fair value of goodwill and identifiable assets (including intangible assets) and liabilities related to the acquisition of DDH1. As at the date of this Scheme Booklet, it is not possible to reliably determine the fair values of the acquired assets and liabilities of DDH1. For the purposes of preparing the Combined Group Unaudited Pro Forma Historical Statements of Financial Position, the Scheme Consideration (assumed as $394.7 million share consideration) less DDH1's adjusted net assets at 31 December 2022 has been reflected as a single Pro Forma Adjustment to the "intangible assets" line. Subsequent to Implementation, the actual determination of the fair values of goodwill, and identifiable assets and liabilities acquired, may materially differ to those values presented in the Combined Group Unaudited Pro Forma Historical Statement of Financial Position.

As the purchase price allocation exercise has not been finalised, additional amortisation or depreciation in relation to identified finite life intangible assets or property, plant & equipment may arise, which has not been reflected in the Combined Group Unaudited Pro Forma Historical Income Statements. The quantum of any additional amortisation or depreciation will depend on the incremental fair value allocated and the useful lives ascribed to the identifiable intangible assets or property, plant & equipment as part of the final purchase price allocation exercise.

For the purpose of preparing the Combined Group Unaudited Pro Forma Historical Statement of Financial Position, it has been assumed that there will be no resetting of the Combined Group's tax cost bases following the acquisition. However, it is likely that the allocable cost amount calculation will result in a deferred tax position which is different to the position presented in the Combined Group Unaudited Pro Forma Consolidated Statement of Financial Position. Any resulting adjustment to deferred tax assets and liabilities will have an equal but opposite impact on the amount of goodwill recognised in the Combined Group Unaudited Pro Forma Statement of Financial Position.

Items not reflected in the Combined Group Unaudited Pro Forma Historical Financial Information

As detailed above, the Combined Group Unaudited Pro Forma Historical Financial Information is provided for illustrative purposes only.

The Combined Group Unaudited Pro Forma Historical Financial Information presented in this Section 6.7 does not purport to reflect the likely actual or prospective reported financial performance, financial position or cash flows of the Combined Group.

It is likely that the actual financial performance, financial position and cash flows of the Combined Group in future periods will differ from the Combined Group Pro Forma Unaudited Historical Financial Information presented in this Section 6.7. The factors which may impact the actual financial performance, financial position or cash flows of the Combined Group include but are not limited to:

(i) trading of DDH1 and Perenti after 31 December 2022, which is not reflected in the Combined Group Unaudited Pro Forma Historical Financial Information;

(ii) the risk factors set out in Section 7;

(iii) the ultimate timing of implementation of the Scheme;

(iv) finalisation of the acquisition accounting, including determining appropriate purchase price allocation, including the fair value of all assets and liabilities acquired in accordance with the relevant accounting standards;

(v) finalisation of the resetting of the tax cost bases of DDH1 following Implementation, including the recognition of the associated deferred tax assets and liabilities, in accordance with the relevant accounting standards;

(vi) the ultimate timing and realisation of synergies and business improvements (and associated costs) arising from the combination of Perenti and DDH1; and

(vii) current and future changes to accounting standards (if any).

(c) Combined Group Unaudited Pro Forma Historical Income Statements

The Combined Group Unaudited Pro Forma Historical Income Statements for the year ended 30 June 2022 and half year ended 31 December 2022 is presented in the tables below.

YEAR END 30 JUNE 2022	DDH1 LIMITED AUDITED '000's	PERENTI AUDITED '000's	PRO FORMA ADJUSTMENTS '000's	COMBINED GROUP PROFORMA '000's
Revenue	415,377	2,437,656		2,853,033
Other revenue	8,427	47,251		55,678
Other gains and losses	(2,300)	—		(2,300)
				—
Material expenses	(106,200)	(734,512)		(840,712)
Labour expenses	(191,182)	(1,037,993)		(1,229,175)
Hire expense	(14,614)	(45,306)		(59,920)
Acquisition costs	(3,820)	—		(3,820)
Impairment of assets	—	(23,162)		(23,162)
Other expenses	(14,906)	(238,531)		(253,437)
				—
EBITDA	**90,782**	**405,403**	**—**	**496,185**
Depreciation expense	(29,956)	(250,120)		(280,076)
Amortisation	(5,808)	(29,042)		(34,850)
EBIT	**55,018**	**126,241**	**—**	**181,259**
Interest received	8	397		405
Finance costs	(1,651)	(56,316)		(57,967)
Profit before tax	**53,374**	**70,322**	**—**	**123,696**
Income tax benefit / (expense)	(17,515)	(27,836)		(45,351)
Profit for the year after tax	**35,859**	**42,486**	**—**	**78,345**

HALF YEAR ENDED 31 DECEMBER 2022	DDH1 LIMITED REVIEWED '000's	PERENTI REVIEWED '000's	PRO FORMA ADJUSTMENTS '000's	COMBINED GROUP PROFORMA '000's
Revenue	286,015	1,438,510		1,724,525
Other revenue	7,267	24,944		32,211
Other gains and losses	1,775	—		1,775
Materials	(73,596)	(450,595)		(524,191)
Labour costs	(135,683)	(572,315)		(707,998)
Hire of plant	(8,812)	(27,868)		(36,680)
Other expenses	(9,920)	(134,556)		(144,476)
Impairment of assets	—	(4,728)		(4,728)
EBITDA	**67,045**	**273,392**	**—**	**340,437**
Depreciation expense	(23,245)	(144,242)		(167,487)
Amortisation	(5,588)	(17,223)		(22,811)
EBIT	**38,211**	**111,927**	**—**	**150,138**
Interest received	33	2,678		2,711
Finance costs	(1,401)	(33,389)		(34,790)
Profit before tax	**36,843**	**81,216**	**—**	**118,059**
Income tax benefit / (expense)	(8,490)	(37,181)		(45,671)
Profit for the period after tax	**28,353**	**44,035**	**—**	**72,388**

Pro Forma Adjustments — Combined Group Unaudited Pro Forma Historical Consolidated Income Statements

- No pro forma adjustments have been made to either the year ended 30 June 2022 or the half year ended 31 December 2022.

Items not reflected in the Combined Group Unaudited Pro Forma Historical Income Statements

The Combined Group Unaudited Pro Forma Historical Income Statements has not been adjusted to reflect:

- the trading of DDH1 and Perenti after 31 December 2022;
- the ultimate timing and realisation of any potential synergies or business improvements (and associated costs) arising from the combination of DDH1 and Perenti;
- the full year impact from the acquisition of Swick Mining Services Ltd, which was acquired by DDH1 Limited on 7 February 2022. As a result the full year statutory numbers for DDH1 Limited, only contain 5 months of Swick's trading results in the year ended 30 June 2022;
- transaction costs incurred by DDH1 and Perenti in relation to the Scheme incurred after 31 December 2022;
- additional depreciation and amortisation relating to identified tangible and intangible assets which may arise as a result of Implementation of the Scheme and the finalisation of the purchase price allocation exercise; and
- any potential tax impact which may arise as a result of Implementation of the Scheme including finalisation of resetting of tax cost bases of assets, and the finalisation of the accounting for the acquisition.

(d) Combined Group Unaudited Pro Forma Historical Statement of Financial Position

The Combined Group Unaudited Pro Forma Historical Statement of Financial Position as at 31 December 2022 is presented in the table below.

AS AT 31 DECEMBER 2022	DDH1 LIMITED REVIEWED '000's	PERENTI REVIEWED '000's	TRANSACTION COSTS '000's	ACQUISITION OF DDH1 '000's	COMBINED GROUP PROFORMA '000's
Cash and cash equivalents	31,501	322,471	(11,666)	(50,010)	292,296
Trade and other receivables	82,664	390,095			472,759
Inventories	57,047	227,542			284,589
Current tax asset	3,348	11,433			14,781
Assets classified as held for sale	—	6,200			6,200
Other current assets	4,634	—			4,634
TOTAL CURRENT ASSETS	**179,194**	**957,741**	**(11,666)**	**(50,010)**	**1,075,269**
NON-CURRENT ASSETS					
Financial assets	588	13,376		—	13,964
Intangible assets	54,260	638,677		50,141	743,068
Property, plant and equipment	236,092	941,847			1,177,939
Right of use asset	13,440	44,950			58,390
Deferred tax asset	—	162,776			162,776
TOTAL NON-CURRENT ASSETS	**304,380**	**1,801,626**	**—**	**50,141**	**2,156,147**
TOTAL ASSETS	**483,574**	**2,759,367**	**(11,666)**	**131**	**3,231,406**
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	(36,901)	(327,749)			(364,650)
Lease Liabilities	(4,521)	(20,821)			(25,342)
Borrowings	(10,000)	(1,851)			(11,851)
Current tax liabilities	—	(25,999)			(25,999)
Provisions	(21,859)	(76,026)			(97,885)
TOTAL CURRENT LIABILITIES	**(73,280)**	**(452,446)**	**—**	**—**	**(525,726)**
NON-CURRENT LIABILITIES					
Lease Liabilities	(13,179)	(21,887)			(35,066)
Borrowings	(30,000)	(844,388)			(874,388)
Provisions	(1,056)	(5,675)			(6,731)
Deferred tax liabilities	(21,478)	(69,095)			(90,573)
TOTAL NON-CURRENT LIABILITIES	**(65,713)**	**(941,045)**	**—**	**—**	**(1,006,758)**
TOTAL LIABILITIES	**(138,993)**	**(1,393,491)**	**—**	**—**	**(1,532,484)**
NET ASSETS	**344,581**	**1,365,876**	**(11,666)**	**131**	**1,698,922**
EQUITY					
Issued capital	(449,608)	(1,126,135)		104,896	(1,470,847)
Other reserves	262,026	45,026		(262,026)	45,026
Retained earnings	(156,999)	(270,598)	11,666	156,999	(258,932)
Non-Controlling Interests	—	(14,169)		—	(14,169)
TOTAL EQUITY	**(344,581)**	**(1,365,876)**	**11,666**	**(131)**	**(1,698,922)**

6. OVERVIEW OF THE COMBINED GROUP CONTINUED

Pro Forma Adjustments - Combined Group Unaudited Pro Forma Historical Statement of Financial Position

- Estimated transaction costs of $11.7 million to be incurred by the Combined Group in respect to this Scheme transaction; and
- Acquisition of DDH1 with an assumed equity purchase price of $0.98 per share, which gives an implied value of $394.7 million. The equity purchase price will be funded $50 million in cash and the remaining will be settled via shares in Perenti. The balances represented in the tables above show the cash and equity consideration of $394.7 million, resulting in a goodwill of c.$50 million.

Items not reflected in the Combined Group Unaudited Pro Forma Historical Statement of Financial Position

The Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position has not been adjusted to reflect:

- the trading of DDH1 and Perenti after 31 December 2022;
- finalisation of the acquisition accounting, including determining the appropriate purchase price allocation, including the fair value of all assets and liabilities acquired in accordance with the relevant accounting standards; and
- resetting of tax cost bases of DDH1 following implementation, including recognition of the associated deferred tax assets and liabilities, in accordance with relevant accounting standards.

(e) Combined Group Unaudited Pro Forma Historical Statements of Cash Flows

The Combined Group Unaudited Pro Forma Historical Statements of Cash Flows for the year ended 30 June 2022 and half year ended 31 December 2022 is presented in the tables below.

YEAR END 30 JUNE 2022	DDH1 LIMITED AUDITED '000's	PERENTI AUDITED '000's	PRO FORMA ADJUSTMENTS '000's	COMBINED GROUP PROFORMA '000's
Cash flows from operating activities				
Cash receipts from customers	447,566	2,515,724		2,963,290
Cash paid to suppliers and employees	(362,765)	(2,056,808)		(2,419,573)
Cash generated from operations	**84,801**	**458,916**	**—**	**543,717**
Interest paid	(1,651)	(49,919)		(51,570)
Interest received	8	397		405
Taxation	979	(68,092)		(67,113)
Net cash from operating activities	**84,136**	**341,302**	**—**	**425,438**
Cash flows from investing activities				
Proceeds from sale of plant and equipment	484	26,715		27,199
Acquisition of plant and equipment	(61,550)	(467,937)		(529,487)
Additions to intangibles	(587)	—		(587)
Proceeds from sale of assets at FVOCI	—	56,625		56,625
Proceeds from the sale of businesses	—	46,186		46,186
Proceeds from sale of assets held for sale	—	31,158		31,158
Payments for purchase of subsidiaries	—	(3,750)		(3,750)
Cash removed on disposal of subsidiary	—	(1,897)		(1,897)
Cash acquired on acquisition of subsidiary	1,175	493		1,668
Repayment of loan by non-controlling interest	—	609		609
Net cash from investing activities	**(60,478)**	**(311,798)**	**—**	**(372,276)**
Cash flows from financing activities				
Proceeds from borrowings	—	310,926		310,926
Proceeds from issue of shares	868	—		868
Payments from share brought back, net of costs	—	(940)		(940)
Repayment of lease liabilities	(3,594)	(26,432)		(30,026)
Dividend Paid	(17,739)	(14,108)		(31,847)
Dividends paid to non-controlling interest		(2,610)		(2,610)
Payments for borrowing costs		(139)		(139)
Transactions with non-controlling interest		(36)		(36)
Repayment of borrowings	—	(217,873)		(217,873)
Net cash from financing activities	**(20,465)**	**48,788**	**—**	**28,323**
Net increase in cash and cash equivalents	**3,193**	**78,292**	**—**	**81,485**
Cash and cash equivalents opening	14,591	264,741	—	279,332
Effect of exchange rate fluctuation on cash held	157	5,486		5,643
Cash and Cash Equivalents at End of Year	**17,941**	**348,519**	**—**	**366,460**

6. OVERVIEW OF THE COMBINED GROUP CONTINUED

HALF YEAR ENDED 31 DECEMBER 2022	DDH1 LIMITED REVIEWED '000's	PERENTI REVIEWED '000's	ADJUSTMENTS '000's	COMBINED GROUP PROFORMA '000's
Cash flows from operating activities				
Cash receipts from customers	332,162	1,513,436		1,845,598
Cash paid to suppliers and employees	(273,402)	(1,302,874)	(11,666)	(1,587,942)
Cash generated from operations	**58,760**	**210,562**	**(11,666)**	**257,656**
Interest paid on loans	(1,401)	(32,079)		(33,480)
Interest received	33	703		736
Tax received / (paid)	4,851	(20,759)		(15,908)
Net cash from operating activities	**62,243**	**158,427**	**(11,666)**	**209,004**
Cash flows from investing activities				
Proceeds from sale of plant and equipment	1,930	13,339		15,269
Payments for plant and equipment	(32,381)	(165,185)		(197,566)
Payment for acquired entity	—	—	(50,010)	(50,010)
Additions to intangibles	(596)	—		(596)
Proceeds from assets held for sale		10,051		10,051
Proceeds from sale of shares	1,970	—		1,970
Repayment of loans by related party	—	168		168
Net cash from investing activities	**(29,077)**	**(141,627)**	**(50,010)**	**(220,714)**
Cash flows from financing activities				
Proceeds from borrowings	15,000	317,587		332,587
Proceeds from issue of shares, net of costs	550	—		550
Share buy back	(15,764)	(14,012)		(29,776)
Payments for Perenti note buy-backs	—	(24,785)		(24,785)
Repayment of lease liabilities	(3,978)	(15,779)		(19,757)
Proceeds from disposal of a non-controlling interest	—	5,400		5,400
Payment of borrowing costs	—	(4,173)		(4,173)
Dividend Paid	(10,873)	—		(10,873)
Repayment of borrowings	(5,000)	(304,230)		(309,230)
Net cash from financing activities	**(20,065)**	**(39,992)**	**—**	**(60,057)**
Net increase in cash and cash equivalents	**13,101**	**(23,192)**	**(61,676)**	**(71,767)**
Cash and cash equivalents opening	17,941	348,519		366,460
Effect of exchange rate fluctuation on cash held	459	(2,856)		(2,397)
Cash and Cash Equivalents at End of Year	**31,501**	**322,471**	**(61,676)**	**292,296**

Pro Forma Adjustments - Combined Group Unaudited Pro Forma Historical Statement of Cash Flows

- No pro forma adjustments have been made to the Statement of Cash Flows for the year ended 30 June 2022;
- $50 million has been incurred in investing activities for the payment of the cash component of the consideration for DDH1; and
- Estimated transaction costs of $11.7 million to be incurred by the Combined Group in respect to this Scheme transaction.

Items not reflected in the Combined Group Unaudited Pro Forma Historical Statement of Cash Flows

The Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows has not been adjusted to reflect:

- the operating cash flows of DDH1 and Perenti after 31 December 2022;
- the potential cash outflows relating to the payment of future dividends following Implementation of the Scheme; and
- any potential tax impact which may arise as a result of Implementation of the Scheme and the finalisation of the accounting for the acquisition.

6.8 NO OTHER MATERIAL INFORMATION

Except as disclosed elsewhere in this Scheme Booklet, there is no other material information regarding Perenti, or its intentions regarding DDH1 and the Combined Group, that would be material to a DDH1 Shareholder in deciding whether to vote in favour of the Scheme.

7. RISKS

DDH1 Shareholders should be aware that there are a number of risks, both general and specific, associated with the Scheme.

Under the Scheme, Scheme Shareholders (other than Ineligible Overseas Shareholders and Non-Rollover Unmarketable Parcel Shareholders) may acquire New Perenti Shares, and consequently there will be a change to DDH1 Shareholders' overall investment risk profile. This section outlines a number of the risks that may affect the performance of the Combined Group and the value of its shares.

These risks include:

- specific risks relating to the implementation of the Scheme;
- specific risks relating to the Combined Group;
- general risks relating to an investment in DDH1, Perenti and the Combined Group, including risks affecting the general economy and stock market; and
- risks to DDH1 Shareholders if the Scheme does not proceed.

The information set out in this Section 7 is a summary only and does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting the DDH1 Group. Additional risks and uncertainties not currently known to DDH1 may also have a material adverse effect on DDH1's operational and financial performance. While measures can be taken to mitigate some risk, the occurrence and consequences of some of the risks described in this Section 7 are partially or completely outside the control of the DDH1 Group and the DDH1 Directors.

No assurances or guarantees are given in relation to the future performance of, profitability of, or payment of dividends by DDH1, Perenti or the Combined Group. You should carefully consider the risks and uncertainties described below in this Section 7, together with all other information in this Scheme Booklet, before making a decision regarding the Scheme. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Scheme, you should seek independent financial, legal and taxation advice before making any decision regarding the Scheme.

7.1 RISKS SPECIFIC TO THE SCHEME

(a) Implementation of the Scheme is subject to Conditions

The implementation of the Scheme is subject to a number of Conditions, which are summarised in Section 8.2 and the Conditions are set out in full in clause 3.1 of the Scheme Implementation Agreement (a copy of which is available for download from http://www.investorvote.com.au (Control Number: 182792)) and clause 2.1 of the Scheme in Annexure A.

The Scheme will not proceed to the Second Court Hearing unless all Conditions are satisfied or waived (as applicable) (other than the Conditions relating to approval by the Court).

If the Conditions are not satisfied or waived (as applicable) by the End Date, the Scheme Implementation Agreement may be terminated, which will mean the Scheme will not be implemented.

Section 8.2 contains a summary of the status of the Conditions as at the date of this Scheme Booklet. A failure to satisfy any of the Conditions, or a delay in satisfying the Conditions and implementing the Scheme, may adversely affect the trading price of DDH1 Shares.

(b) Court approval

There is a risk that the Court may not approve the Scheme or that the approval of the Court may be delayed, which would respectively result in the Scheme not being implemented or implementation of the Scheme being delayed.

In particular, if there is a material change in circumstances between the Scheme Meeting and the Second Court Hearing, the Court will take the change into account in deciding whether it should approve the Scheme. If there is a material change of sufficient importance so as to materially alter the Scheme, there is a risk that the Court may not approve the Scheme at the Second Court Hearing.

(c) Implied value of New Perenti Shares

Pursuant to the Scheme, Scheme Shareholders[16] will be entitled to receive at least part of their Scheme Consideration in the form of New Perenti Shares. The implied value of the scrip component of the Scheme Consideration will depend on the price at which the New Perenti Shares trade on ASX after the Effective Date and is not fixed.

Further, for Ineligible Overseas Shareholders and Non-Rollover Unmarketable Parcel Shareholders, there is no guarantee as to the price at which New Perenti Shares may be sold by the Perenti nominee.

The price of Perenti Shares, following implementation of the Scheme, will vary and may be volatile as a result of a number of factors, including the financial and operating performance of Perenti and general market conditions. The increase in the number of Perenti Shares post-Scheme implementation may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Perenti Shares.

16 Other than Ineligible Overseas Shareholders and Non-Rollover Unmarketable Parcel Shareholders, and any other Scheme Shareholders who make a Maximum Cash Elections (in circumstances where the Scaleback Arrangements do not apply to such Consideration Elections).

(d) Change in risk profile and risks of investment in the Combined Group

If the Scheme is implemented, there will be a change in the risk profile to which DDH1 Shareholders are exposed. DDH1 Shareholders are currently exposed to various risks as a result of their investment in DDH1. If the Scheme is implemented, DDH1 will become a wholly owned subsidiary of Perenti and Scheme Shareholders (other than Ineligible Overseas Shareholders and Non-Rollover Unmarketable Parcel Shareholder) will receive New Perenti Shares.

As a consequence, Scheme Shareholders will be exposed to risk factors relating to Perenti, and to certain additional risks relating to the Combined Group and the integration of the two companies. In many cases, those risks are different from or additional to those currently faced by DDH1 Shareholders.

For further information about the risks that relate to the Combined Group, please see Section 7.2 below.

(e) Failure to realise benefits of the Scheme, including expected synergies

After implementation of the Scheme, the Combined Group will seek to pursue those strategies, operational objectives and benefits contemplated by this Scheme Booklet, including the estimated synergies detailed in Section 6.2. There is the risk that the Combined Group may be unable to realise these strategies, operational objectives and benefits (in whole or in part) or that they will not materialise, or will not materialise to the extent that the Combined Group anticipates (for whatever reason, including matters beyond the control of the Combined Group), or that the realisation of the strategies, operational objectives and benefits are delayed. Any failure to meet these strategies, operational objectives and benefits, or delay in realising these strategies, operational objectives and benefits, could have an adverse impact on the Combined Group's operations, financial performance and financial position, including the potential for any share price re-rating.

If the Scheme is implemented, the Combined Group will also seek to implement the various cost-saving and optimisation strategies relating to synergies that are discussed in Section 6.2. There is a risk the Combined Group may not be able to realise these synergies (on whole or in part) or alternatively that there will be delays in realising these synergies beyond current estimates.

(f) Termination rights

Each of DDH1 and Perenti has the right to terminate the Scheme Implementation Agreement in certain circumstances, as set out in section 15 of the Scheme Implementation Agreement. Accordingly, there is no certainty that the Scheme Implementation Agreement will not be terminated by either DDH1 and Perenti before the implementation of the Scheme.

If the Scheme Implementation Agreement is terminated, there is no assurance that the DDH1 Board will be able to find a party willing to pay an equivalent or greater price for DDH1 Shares than the price to be paid pursuant to the terms of the Scheme Implementation Agreement. This may adversely affect the future market price of DDH1 Shares.

(g) Material Change of Control Contracts

Some contracts to which DDH1 is a party contain 'change of control' provisions (or equivalent) that could be triggered by implementation of the Scheme, allowing the counterparty to renegotiate or terminate the contract. There are a number of customer and supplier contracts to which DDH1 is a party, and which either automatically terminate upon a change of control or provide rights for the counterparty to terminate or other adverse consequences upon a change of control.

It is a Condition to implementation of the Scheme that DDH1 has received a copy of each consent, waiver or confirmation required under an agreed subset of such contracts (known as the Material Change of Control Contracts) to the change of control of DDH1 resulting from the Transaction. If the necessary Material Change of Control Contract consents are not obtained, the Condition will not be satisfied and the Scheme may not be implemented, which could have a material and adverse effect on the financial position and share price of DDH1.

If the Scheme becomes Effective, and a counterparty to a contract with such contractual rights in favour of the counterparty (including the Material Change of Control Contracts) were to validly terminate or seek to renegotiate the contract, this may have an adverse effect on the financial performance of the Combined Group, depending on the relevant contract.

As at the date of this Scheme Booklet, DDH1 has sought and obtained some, but not all, of the consents or waivers which are required in these circumstances.

(h) Tax consequences

If the Scheme proceeds, there may be tax consequences for Scheme Shareholders. Scheme Shareholders should seek their own professional advice regarding the individual tax consequences of the Scheme.

General information on the Australian tax consequences of the Scheme for both Australian and foreign tax resident Scheme Shareholders is set out in Section 10 of this Scheme Booklet.

7.2 RISKS THAT RELATE TO THE COMBINED GROUP

The following risks have been identified as being key risks specific to an investment in the Combined Group. These risks have the potential to have a significant adverse impact on the Combined Group and may affect the Combined Group's financial position, prospects and price of its listed securities.

(a) Customer demand and outlook for the minerals exploration and mining industry

Changes in the levels of mineral production, as well as mineral exploration and development, undertaken by mining and minerals exploration companies could impact the Combined Group's business. A reduction in mining and exploration activities could cause a decline in the demand for mining services, which could in turn have an adverse effect on the Combined Group's business, financial performance and position, results of operations and prospects.

Mining services provided in relation to the production phase (including development and rehabilitation work) of a mine will represent a large part of the Combined Group's sales revenue. Revenues are associated with and influenced by long-term decisions of mine owners to continue producing at their current levels. Activity levels and results of operations are dependent on production levels at clients' mines and mining remaining economic to continue production at current mines. Growth is dependent on mine operators seeking to expand production at existing mines or bringing new mines into production.

The operations and financial results of the Combined Group may be materially and adversely affected by declines in the price of gold, copper, nickel, zinc, iron ore and other commodities. Commodity prices fluctuate widely and are affected by numerous factors beyond the Combined Group's control, including the sale and purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metals-producing countries throughout the world.

Prevailing and projected commodities prices are a major influence on the mineral exploration, development and production activity levels, and planned expenditures, of the Combined Group's customers. If the price of particular commodities falls below the level at which any client's project is profitable, the owner may suspend or close the project, in which case the mining services contract would likely be terminated. While there may be significant variation among projects as to the commodity price at which a project ceases to be profitable, in the event of a significant fall in the price of the relevant commodity, several projects may close around the same time. A fall in commodity pricing could also lead to a decrease in exploration activities. The exploration business is dependent on exploration drill campaigns. This, in turn, could lead to a decline in demand for the Combined Group's services, which may have a material and adverse effect on the Combined Group's business, financial position, results of operations and prospects.

It is possible that the effects of any change of the kind described in this risk factor may be felt suddenly or immediately by the Combined Group because, consistent with industry practice, its customer contracts are typically terminable at the discretion of the customer at any time. The Combined Group will seek to maintain a diverse portfolio of businesses across a range of markets and geographies to mitigate macroeconomic uncertainty.

(b) Decline in gold price

A decline in the demand for gold could significantly reduce production in this metal. The price of gold is affected by numerous factors, including international economic trends, foreign exchange fluctuations, expectations for inflation, speculative activities, consumption patterns, purchases and sales of gold bullion holdings by central banks and others, and political events. As the amount of gold produced globally in any single year constitutes a very small portion of the total potential supply of gold, variations in current production do not necessarily have a significant impact on the global supply or price of gold.

Recently, gold prices have been rising and have exceeded the five-year average gold price. However, the price of gold has historically been volatile and subject to sharp declines. A decline in the demand and price of gold from its current level and a resulting decrease in the demand for the Combined Group's services could adversely impact on its revenue.

(c) Contract renewals and termination

The Combined Group's results from operations will be directly affected by the activities and decision making of its clients, including the number of new contracts that are awarded to the Combined Group, the extent to which existing contracts are extended or renewed and whether or not contracts on foot expire or are otherwise terminated.

Mining services provided under contracts represent a large portion of revenues for services provided for surface and underground contract mining, drill and blast, grade control, equipment hire, diamond drilling and exploration services. Mining services contracts, other than equipment hire contracts and exploration contracts, are typically for terms between three and five years. Some contracts, typically exploration contracts, have a shorter term, generally of one year or less, while equipment rental contracts have varying terms from three months to two years. Generally, in the mining industry, most contracts can be terminated by the customer for convenience at short notice and without penalty. As a result, there can be no assurance that work in hand will be realised as revenue in any future period.

If the Combined Group is unable to perform its obligations under a contract in accordance with the terms of the contract or in line with the customer's expectations, there is risk that the contract will be terminated or not renewed. Any such performance issue may result in contract guarantees (where applicable) being relied upon by clients and could also adversely affect the Combined Group's reputation in the marketplace, which could adversely impact the ability to secure new contracts.

Contracts are also at risk of termination or non-renewal due to the client having no further need for the service, as a result of competition (if the client seeks to use an alternative mining services provider to provide the services), or if the client decides to bring the contracted services in house.

The failure to renew or replace contracts, and/or the termination of contracts, could have a material and adverse effect on the Combined Group's financial performance, financial condition, cash flows and growth prospects. Perenti has historically had a strong record of completing contracts to term and securing contract extensions.

(d) Increased competition from new and existing competitors

The mining services industry is competitive and may be subject to increasing competition. Due to this competition, there is a risk that Perenti and DDH1 may not compete as successfully in the future as they have in the past.

Mining services contracts and drilling contracts are generally awarded following a competitive tender process. There is no assurance that the Combined Group will be able to continue to win new work on terms which are acceptable to the Combined Group. It is possible that the Combined Group may lose business for various reasons which could include the Combined Group being unable to demonstrate reliable performance, technical competence or competitive pricing as part of the tender process, or if its customers elect not to undertake a competitive tender process.

In the context of increased competition, it is difficult to predict whether and when new contracts will be awarded due to multiple factors influencing how clients evaluate potential service providers. These include rates, qualifications, experience, reputation, technology, customer relationships, financial strength, and ability to provide the relevant services in a timely, safe, and cost-efficient manner.

The Combined Group will face competition from a number of international, national and regional competitors. The fragmented nature of the industry in which the Combined Group will operate provides potential opportunities for competitors to consolidate, which may reduce any scale advantages that the Combined Group could enjoy. Customers may also choose to undertake the work themselves, rather than engage a third-party service provider to do the work. Any erosion of the Combined Group's competitive position could have a material and adverse effect on the Combined Group's business, operations, financial position and growth prospects.

The entry of additional competitors could result in a reduction of operating margins and loss of market share. This could adversely affect the Combined Group's operations and financial performance. The competitive nature of the industry means that there is no assurance that the Combined Group will be able to compete successfully against current or future competition.

The Combined Group will continue to focus on technological advancement in the mining industry in order to maintain its competitiveness while remaining agile in response to market demand. One of its strategies to achieve this is through the idoba arm of Perenti's business, and Perenti intends to allocate funds toward enhancing digital technology capabilities through continued investment in idoba.

(e) New contracts, tendering accuracy and pricing

The Combined Group's revenue will be dependent on winning new contracts, however the tender process and timing for performing these contracts are not within the Combined Group's control.

Mining services contracts and drilling contracts are typically awarded following a tender process and the preparation of a tender document involves making certain assessments and assumptions about the work to be undertaken. Even for those projects that are not put out to tender, the Combined Group must negotiate the pricing of the contract with the client.

When pricing for tenders, the Combined Group intends to utilise the extensive skills, knowledge and expertise of its personnel together with a structured approval process and work procurement practices, and to use all reasonable efforts to ensure that the Combined Group's tender or proposal accurately reflects the scope of work with commensurate returns for the risks taken. Despite this, there is a risk that a tender or proposal may not be accurately priced or scoped. If any of the assumptions made during modelling of the contract pricing subsequently turn out to be materially incorrect, then the Combined Group could be locked into a long-term contract with unfavourable economics that could adversely affect its margins and results of operations. There may be no right to renegotiate the contract with the client should the economics become unfavourable.

In some cases clients will appoint the Combined Group as "preferred contractor" pending award of a contract. However, being appointed as "preferred contractor" does not provide any assurance that a contract will ultimately be awarded, nor does it give any indication of the final scope of work to be undertaken if a contract is awarded.

The results of operations, cash flows and profit margins may fluctuate from period to period depending on the timing, size and type of new contract awards and delays or cancellations.

(f) Contract delay

The Combined Group's performance will be influenced by its ability to win new contracts and the successful commencement and completion of those contracts in a timely and efficient manner. Where new or existing contracts are delayed, the recognition of revenue and cash receipts for those contracts may be deferred to later accounting periods. This may adversely impact the financial performance and/or financial position of the Combined Group.

(g) Performance of new contracts

New contracts typically underperform during their ramp up phase compared to mature contracts and may even operate at a loss for a period of time. This is due to additional expenses associated with mobilising equipment and labour, training, and the commitment of additional staff. Such operating issues are usually resolved within six months from the commencement of a new contract but can take longer depending on the mine plan and structure of the contract.

When work commences under new contracts, a number of risks associated with the transition of mining operations from the owner or other mining services company to the Combined Group may result in unexpected costs for a period of time. These risks include delays in the delivery of equipment to site due to manufacturer or logistical constraints, shortages of skilled labour during contract start-up and unanticipated issues with mine infrastructure and ground conditions.

In instances where the Combined Group is awarded a contract from a mine owner-operator, the Combined Group may be required under the terms of the contract to assume the workforce and equipment on site and the associated assets and liabilities at the commencement of the contract. This can result in unexpected costs associated with additional training required to bring workforce practices in line with Combined Group operating and safety standards and the upgrading of equipment to ensure the transferred fleet meets these operating standards. Both scenarios may adversely impact the financial position of the Combined Group. The Combined Group intends to focus on providing services to large lower-cost producers which are not subject to the same production risk as higher-cost operations.

7. RISKS CONTINUED

(h) Reliance on key suppliers

Whenever new contracts are entered into, new capital equipment may need to be acquired, typically mining equipment, if existing equipment is not available. The Combined Group will rely on a number of key suppliers and equipment manufacturers to source new equipment and related parts to perform its obligations under existing and new contracts. Any change in relationships with key suppliers may result in a shortage of equipment and parts, which would constrict the ability to enter new contracts or fulfil existing contracts and adversely impact business and financial performance.

To meet contractual obligations, the Combined Group will depend on the availability of critical pieces of equipment which will sometimes be put out of service unexpectedly as a result of failures, unplanned maintenance or otherwise. The nature of the Combined Group's operations will require the availability of equipment and spare parts, the supply of which can sometimes be insufficient to deal with production capacity and demand. An inability to secure an uninterrupted supply of all such necessary equipment at prices and times assumed within mine plans could, if supply disruptions persist, lead to an increase in costs and a slowdown in production and development.

In addition, increased demand for equipment, coupled with over-reliance on a small number of suppliers and a possible failure to accurately forecast and plan equipment needs may lead to a break down in the supply chain and the inability to obtain equipment when needed. It may be difficult for the Combined Group to locate alternative suppliers in the event of any disruptions, which could have a material adverse impact on production, development and costs.

(i) Business interruptions

The Combined Group will operate in an industry where contract operations are vulnerable to the risk of interruption as a result of a variety of factors, many of which are beyond the Combined Group's control. These factors include (but are not limited to):

- environmental issues, including inclement weather, which may delay contract performance or result in a complete shutdown of a project;
- extreme weather events such as cyclones, heavy rainfall, floods or fire;
- global health epidemics and pandemics;
- geological instability, including strong seismic activity, landslides, mudslides, rock falls, cave-ins or unstable ground surfaces, or conditions that threaten to result in such an event;
- regulatory intervention;
- delays in necessary approvals and permits;
- supply bottlenecks or a scarcity of materials and equipment;
- equipment breakdowns or unavailability due to scheduled maintenance;
- accidents or unsafe conditions;
- industrial relations issues (including potential labour shortages);
- variations to the nature or extent of contracted work;
- an inability to access a customer's site for any other reason; and
- an inability to source diesel fuel or water for our operations.

The manifestation of any such factors could adversely affect the Combined Group's operations and productivity and may also cause a deferral or prevent receipt of anticipated revenues and/or result in the Combined Group incurring additional costs. Such issues may ultimately have an adverse effect on the financial performance and/or financial position of the Combined Group. The Combined Group will seek to address these risks by employing internal security expertise to manage and implement the Combined Group's security and crisis management framework to enable it to respond effectively to such issues.

(j) Business risks in Africa

The Combined Group is expected to generate a significant portion of its revenue from mining services provided in African countries.

African operations increase the Combined Group's exposure to health risks, nationalisation and localisation policies, risks of war, terrorist activity or other civil disturbance, expropriation, abduction, piracy, tribal conflicts, workforce instability, import and export restrictions, exchange controls, inflationary economies, currency risks, legal and taxation risks, risks related to the restrictions on repatriation of earnings or proceeds from liquidated assets of foreign subsidiaries, workforce instability, bribery and corruption, money laundering, human trafficking and forced labour, political and economic sanctions, harsh environmental conditions and remote locations. New mining projects in Africa are sometimes located in countries where these risks are significant.

The occurrence of one or more of these risks may disrupt the Combined Group's operations and result in the occurrence of greater costs for security, restrict the movement of funds or limit repatriation of profits, lead to international sanctions, restrict financing abilities or limit access to markets for periods of time.

The Combined Group may also operate in countries that can be subject to political instability from time to time and that have experienced various political issues in recent years.

Infectious diseases are a threat to the stability of some of the countries in which the Combined Group will operate and the employees in those countries, where limited local health infrastructure weakens governments' ability to manage and contain outbreaks effectively.

Where the Combined Group operates in countries that the Combined Group's board considers as carrying political risk, political risk insurance may be taken out to protect the assets of the Combined Group, if available on commercially reasonable terms. These political risk insurance policies typically cover the expropriation of assets, deprivation or forced abandonment of plant and equipment and loss due to riot, terrorism or war. Even in countries where political risk insurance is taken out, there can be no assurance that such insurance will cover all relevant contingencies or will adequately compensate for losses suffered, nor can there be any assurance that such insurance will continue to be available in the future. Risk assessments may also categorise threats as serious enough to require resort to public security forces, such as national police or military units on a near-permanent basis. In the event that the continued operation in some countries compromises its security or business principles, the Combined Group may withdraw from these countries on a temporary or permanent basis. This could have a material adverse impact on the business, financial condition and results of operations.

Management will monitor the Combined Group's current and potential geographies, industries, activities and competitors on an ongoing basis. The Combined Group will ensure there is a comprehensive understanding of a new jurisdiction by following a structured process before entering a new jurisdiction.

(k) Access to equipment and drilling rigs

Many of the drilling services that are intended to be provided by the Combined Group require the use of purpose-built drilling rigs and equipment. There is a risk that the Combined Group may have difficulty in gaining access to or obtaining the purpose-built rigs or equipment necessary to meet customer requirements, or adequate supplies of equipment at appropriate prices and in a timely manner, or that the quality of the available equipment may not be suitable for its intended use. There is also a risk that the Combined Group may have difficulty gaining access to or obtaining the subcomponents necessary for the Combined Group to manufacture its own drilling rigs. Any of these factors may constrain the Combined Group's ability to provide services and may ultimately have an adverse effect on its growth opportunities, financial performance and/or financial position.

Further, some mining services contracts may give the client an option (which may be exercisable on default or on termination for convenience) to purchase the equipment used to perform the mining services at an agreed market price. This means that a customer may terminate its contract with the Combined Group and exercise an option to purchase the equipment. The price at which equipment can be purchased by a client in these circumstances will generally vary according to the particular contract, but will often be the greater of the equipment's market value or the written down value. Even if the purchase price is above market value for such equipment, this may have an adverse impact on the Combined Group's revenues and profits given the substantial lead time to obtain new equipment. This may reduce the Combined Group's available fleet of unutilised equipment to service other clients.

(l) Labour shortages and cost of labour increases

The Combined Group's ability to remain productive, profitable and competitive, and to effect its planned growth initiatives will depend on the Combined Group's ability to attract and retain appropriately skilled and experienced personnel.

Specific factors that may affect the Combined Group's ability to attract and/or retain such personnel include:

- the likely remote geographic location of some of the Combined Group's mining services projects, which will necessarily involve employees enduring harsh working conditions and travelling significant distances to service the needs of the Combined Group's clients. The nature of these working conditions and travel requirements can give rise to industry wide labour shortages to which the Combined Group is exposed and which may make it challenging to recruit employees with relevant industry and technical experience who are willing to relocate, "fly in and fly out" from a city to a remote location, or otherwise endure such conditions. An increase in utilisation of rigs may further tighten the labour market in key regions due to a shortage of skilled labour;
- the tightening of the labour market in key regions due to a shortage of skilled labour, together with the high industry turnover rate and the significant competition to recruit appropriately skilled and experienced personnel; and
- regulations in certain countries that require the Combined Group to hire local workers, thereby decreasing the potential supply of qualified employees for any given project and potentially increasing training costs.

A failure to attract appropriately skilled and experienced personnel, or an inability to deploy such personnel at customers' sites for any other reason, may have a material and adverse impact on the financial performance, financial condition, cash flows, operations and growth prospects of the Combined Group, and in particular its ability to expand its business. Perenti has an apprenticeship program and focuses on training and development of its employees.

Changes to labour laws, regulations and enforcement policies (including, for example, in relation to maximum hours of service rules) may also limit productivity and increase costs of labour. Perenti often seeks to mitigate the impact of rising labour costs by utilising rise and fall mechanisms within client contracts. However, any increases in remuneration paid to personnel will impact the Combined Group's profit margins if the Combined Group is unable to pass on those increases to its customers.

(m) Key Personnel

The Combined Group will depend on the experience and expertise of its key personnel to oversee the day-to-day activities of the Combined Group and to implement its strategic plans. There is a risk that the Combined Group may lose the service of one or more of its key personnel and be unable to replace them or do so on terms that are equivalent to existing arrangements. Business operations and the ability to implement the strategies could be materially disrupted.

If one or more of the Combined Group's key personnel were to exit the business, the Combined Group's capacity to effectively compete with its competitors may be impaired and its financial results may be adversely affected, potentially to a material extent.

(n) Health and safety

Site safety and occupational health and safety outcomes will be critical to the reputation of the Combined Group and its ability to be awarded contracts in the mining services sector. A serious site safety incident (including those pertaining to physical and psychosocial safety) or deterioration in the Combined Group's health and safety record could harm relationships with clients, make it less likely for clients to contract with members of the Combined Group, and ultimately impact upon operations, reputation and brand, and financial outcomes for the Combined Group.

Given the industry and environment in which the Combined Group will operate, industrial accidents may occur in the course of the Combined Group's operations. The consequences of such an event could result in substantial liability for the Combined

Group, including as a result of claims brought against the Combined Group. An incident of this nature could also result in injuries, loss of life, environmental harm, disruption to business activities and reputational and brand damage and could adversely affect the financial performance and/or financial position of the Combined Group.

Operations are subject to a variety of general workplace and industry-specific health and safety laws and regulations. Failure to comply with health and safety laws and regulations could result in enforcement actions which could disrupt operations and result in monetary penalties or suspension or closure of operations altogether. Any significant governmental investigation or enforcement of health and safety requirements could damage the Combined Group's reputation as a responsible mining services provider and employer. Customers place a premium on safety, and any reputational damage may have an adverse effect on the ability to win new contracts or retain existing contracts. A deterioration in the Combined Group's safety record or reputation for providing employees a healthy and safe work environment could make it difficult to hire or retain skilled labour. Governance of health and safety is overseen by Perenti's Safety and Sustainability Board Committee. Perenti also has a HSE management system consistent with international standards to manage health and safety risks.

(o) Industrial relations risks

The Combined Group may face industrial relations issues in connection with employees and the employees of suppliers, including strikes, work stoppages, work slowdowns, grievances, complaints, and claims of unfair practices or other industrial or union activity. Furthermore, any changes in labour laws, regulations and enforcement policies could limit productivity and cause labour expenses to increase. Any such activity could cause production delays, increased labour costs and adversely impact the ability to fulfil existing contracts or win new contracts. As a result, operating results may be materially adversely affected.

(p) Operational risks and costs

The Combined Group and its customers will be exposed to a range of operational risks, including equipment failures, delays in obtaining equipment and supplies, information technology system failures, external services failures, industrial action or disputes, mine accidents, unscheduled stoppages, mine closings, inclement weather, natural disasters and pandemics. A disruption to the operations of the Combined Group or its customers may have a material and adverse impact on the financial performance and/or financial position of the Combined Group.

There is also a risk of unexpected increases in operating costs including labour, consumables (including fuel), insurance and maintenance, which may have a materially adverse effect on the Combined Group's operations, financial performance and financial position. Other cost increases may arise as a result of regulatory changes, for example through the increase or imposition of additional taxes. To the extent that these costs cannot be passed on to customers in a timely manner, at full cost or at all, the financial performance of the Combined Group may be adversely affected.

(q) Capital and maintenance expenditure

The Combined Group will require access to sufficient capital to fund the maintenance and replacement of its fleet of rigs, plant and equipment and any future expansion of its fleet. A failure or inability to obtain sufficient capital on favourable terms may hinder the Combined Group's ability to maintain and/or expand its fleet, and reduce the Combined Group's competitiveness. This may have an adverse effect on the financial performance and/or financial position of the Combined Group. Perenti has a capital allocation process targeted at maintaining an appropriate capital structure and allocation of capital in accordance with Perenti's capital management framework.

(r) Laws and regulations

The industry in which the Combined Group will operate is regulated by the various Australian state and federal governments, as well as international governments. To the extent that the Combined Group fails to comply with relevant laws and regulations, it could be subject to, among other consequences, monetary fines, suspension of operations, loss of assets or other penalties. Legislation and regulations could affect the Combined Group's mineral exploration customers and influence their decisions whether to conduct mineral exploration and development.

The Combined Group will need to meet regulatory requirements, which are subject to continual review. There is a risk that complying with such requirements may become increasingly complex and stringent. In addition, as operations and geographic footprint expands, the Combined Group may be required to operate through subsidiaries incorporated in particular jurisdictions for tax, legal and operating reasons, which will be subject to the associated compliance risks.

The terms of licenses and contracts may also include more stringent requirements than those provided for pursuant to applicable laws and regulations.

Failure to comply with applicable requirements or recognised standards, including when such requirements or standards are updated, may give rise to significant liabilities being incurred by the Combined Group, reputational and brand damage being suffered, the loss of customer contracts, the suspension of operations and increased costs. Perenti's compliance framework contains standards that outline minimum performance requirements for managing legal and other regulatory obligations, tax, treasury and other key compliance relation disciplines.

(s) Damage to brand and reputation

The Combined Group's brands and reputation will be important in attracting and retaining existing clients and obtaining new clients and employees. This reputation could be adversely impacted by a number of factors, including all of the risks identified in this Section 7.2.

Specific factors that could adversely impact the Combined Group's brands and reputation include:

- disruptions to, or a diminution in, the Combined Group's capacity to service its clients' requirements;
- customer dissatisfaction, including due to poor operational performance;

- health and safety or environmental incidents;
- any failure to appropriately implement the Combined Group's strategy; and
- disputes or litigation with third parties such as regulatory bodies, employees, suppliers, customers or others with whom the Combined Group has business dealings.

Damage to the Combined Group's brands or reputation could have a material adverse effect on customer loyalty, relationships with suppliers, employee retention rates and demand for the Combined Group's services, any of which may result in an adverse impact on the Combined Group's financial performance and/or financial position. To assist the Combined Group in managing reputation risk across the group, Perenti's risk framework contains standards that outline minimum performance requirements for risk management activities.

(t) Inability to identify, execute and manage acquisitions

Both Perenti and DDH1, in the past, have made acquisitions to pursue market opportunities, increase their existing capabilities and expand into new areas of operations. Perenti regularly evaluates investment opportunities and opportunities to acquire businesses to complement its organic growth, and will continue to do so (including following implementation of the Scheme). There is no assurance that suitable opportunities will be identified at a price and on terms acceptable to the Combined Group or that, if suitable opportunities are identified, that the Combined Group will be able to finance and complete the potential investments and acquisitions.

Any future investments and acquisitions may be subject to unanticipated risks and/or liabilities, including:

- the ability to identify appropriate businesses or assets for acquisition or to negotiate acquisitions on favourable terms;
- obtaining the financing necessary to complete future acquisitions;
- difficulties in assimilating the operations of the acquired business;
- difficulties in maintaining financial and strategic focus while integrating the acquired business;
- disruption to the Combined Group's operations and divert management's attention from day to day operations;
- adequately addressing any pre-existing liabilities or claims involving the acquired businesses;
- unexpected increases in costs including significant one-time write-offs or restructuring charges;
- business specific factors, such as (for example) historical under-investment in sustaining capital expenditure; and
- the ability to successfully integrate the acquired business, including by implementing uniform standards, controls, procedures and policies.

The Combined Group may also be liable for the past acts, omissions or liabilities of the acquired business that are unforeseen or greater than anticipated. In addition, there is no assurance that any such investments and acquisitions will be profitable, be successfully integrated into the Combined Group's operations, or that such investments, acquisitions or integrations will not have a material and adverse effect on the Combined Group's business, financial position, operations and prospects.

Any expansions into new geographic locations, whether organically or via acquisitions, would also bring additional geographical, regulatory and currency risk. There is a risk that operations, assets, employees or repatriation of revenues could be impaired by factors specific to the geographical regions into which the Combined Group may choose to expand.

(u) Insurance risks

The Combined Group's operations will be subject to many hazards inherent in the mining industry, including blowouts, cratering, explosions, fires, loss of hole and loss of equipment, as well as general catastrophic events such as acts of God, fires, floods, pandemics and strikes. Such hazards and events could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage and damage to the property of others. It may ultimately affect customer contracts and demand for mining services, and the ability of the Combined Group to sustain its operations, generate revenue and recover operating costs.

Additionally, warranty and indemnity provisions in mining services contracts could leave the Combined Group exposed to the risk and liability associated with the services performed under such contracts. In some cases, particularly under legacy exploration drilling contracts, the terms of such contracts do not contain exclusions for liability for consequential loss, or there are high (or no) caps on overall liability under those contracts. To mitigate the financial impact of the risk and liability associated with services performed, the Combined Group seeks protection for certain risks through insurance. Some events, including but not limited to those identified above, are not insurable, or the Combined Group will choose not to insure against them. The occurrence of an event not fully insured or indemnified against or the failure of a third party or an insurer to meet its indemnification or insurance obligations could result in substantial losses, particularly under contracts which do not limit exposure to overall liability or consequential loss.

The Combined Group's insurance policies will also be subject to certain limitations, and there is a risk that an insured event could cause a loss or liability materially in excess of the applicable policy limits, or that insurers do not have the resources to respond to the applicable policy.

There is also a risk that the Combined Group will be unable to secure insurance to satisfactorily cover all anticipated risks at commercially reasonable terms, or that the cost of insurance will increase beyond anticipated levels. Accordingly, the Combined Group could be adversely impacted by increases in the cost of insurance premiums or an inability to access insurance coverage arising from circumstances that may or may not be related to the business of the Combined Group. The Combined Group may also choose to increase self-insurance retentions in order to reduce costs associated with increased insurance premiums or assume certain potential liabilities which current insurance policies cover. Any of these factors, including where an insurer defaults in payment of a legitimate claim by the Combined Group under an insurance policy, could have an adverse impact on the Combined Group's financial performance and/or position.

The Combined Group's insurance program will be managed by Perenti's Risk and Compliance function and supported by a risk standard that outlines minimum performance requirements for insurance activities.

(v) Future funding

The Combined Group will operate in a dynamic industry and there is the risk that the Combined Group may need additional debt or equity funding. There can be no guarantee that such funding will be available to the Combined Group on reasonable terms or at all. Any such failure to obtain funding on reasonable terms may adversely impact the Combined Group's ability to meet its strategic objectives, and may result in a loss of business opportunity and/or excessive funding costs, including dilution to shareholders if equity funding is pursued.

The Combined Group will seek to manage funding risk through a disciplined capital allocation process targeted at maintaining an appropriate capital structure and allocation of capital in accordance with the Combined Group's capital management framework.

(w) Credit risks

Credit risk is the risk that a customer or counterparty fails to meet its contractual obligations under a contract (or other instrument or arrangement) and results in a loss to the Combined Group. The Combined Group will be exposed to counterparty credit risk arising from its operating activities.

The Combined Group will seek to manage this risk by carefully assessing the risk profile of each counterparty with whom it does business and seeking to maintain a diversified client base and geographic exposure, but there can be no assurance that the risk assessment process will avoid loss associated with a customer or other third party failing to meet its contractual obligations to the Combined Group.

(x) Foreign exchange

Doing business internationally will expose the Combined Group to risks related to fluctuations in foreign exchange rates. The Combined Group's presentation currency for accounting purposes will be Australian dollars. However, the Combined Group may earn revenues and incur expenditures across the international jurisdictions in which it operates, that are denominated in currencies other than Australian dollars. In instances where the transaction currency of an entity is different to the functional currency of the entity, the relative performance between transactional and functional currencies could impact the financial performance of the Combined Group.

The Combined Group will seek to manage foreign exchange risk by maintaining an acceptable net balance sheet exposure through the matching of foreign denominated financial assets with financial liabilities, natural cashflow hedges with certain cash inflows and outflows denominated in the same currency and by maintaining flexible credit lines which can be drawn in Australian and US Dollars. The Combined Group may hedge material foreign exchange exposures for firm commitments relating to sales or purchases or when highly probable forecast transactions have been identified.

(y) Technological change

The acquisition and integration of new technologies by competitors, or the threat that they may do so, means the Combined Group must continue to adopt technology in order to remain competitive. The Combined Group intends to work with equipment suppliers and adopt new technologies. Acquiring and introducing innovative solutions and technologies can be time consuming, costly and complex. Successful acquisition and introduction of innovative solutions and technologies on a timely basis requires a deep understanding of customers' needs and the potential technological solutions for such needs. Delays in completing the acquisition and introduction of innovative solutions could cause the cost base to increase, reducing margins. If the Combined Group fails to effectively address the changing demands of customers and to maintain its competitive advantage, its business, financial position and results of operations could be materially adversely affected. The Combined Group intends to continue to allocate funds toward enhancing digital technology capabilities through investment in Perenti's idoba business. This strategic investment is intended to ensure that the Combined Group retains its focus on technological advancements in the mining industry, enabling the Combined Group to maintain competitiveness while remaining agile in response to market demands.

(z) Information technology systems

The Combined Group will rely on user, system, service and communication technology or related system-based, information in order to properly operate the administrative and operational aspects of its business. From time to time, the Combined Group may experience occasional system interruptions and delays. If the Combined Group is unable to regularly deploy software and hardware, effectively upgrade its systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of its systems, then the operation of such systems could be interrupted or result in the loss or corruption of data.

In addition, computer systems are subject to the risks of unauthorised access, system compromise, computer viruses, malicious code, organised cyber-attacks and other security problems and system disruptions, including possible unauthorised access to personal, confidential, proprietary and/or classified information about the Combined Group, its clients, employees or third parties. Any data security breaches or the Combined Group's failure to protect personal, sensitive or confidential information could result in significant disruptions to the Combined Group's systems, loss of information integrity, system/service availability and confidentiality of that data and breaches of the Combined Group's obligations under applicable laws or customer agreements. While the Combined Group will deploy industry-accepted group standards, guidelines, and technology controls, there remains a risk that the Combined Group's systems may suffer damage, disruption, corruption, cyber-attacks or security breaches, which may interrupt the Combined Group's operations or result in penalties for unauthorised disclosure of confidential information. The Combined Group is exposed to the risk of financial, intellectual property and reputational damage as a result, which may have a material adverse effect on the Combined Group.

Perenti's information technology governance framework includes standards which outline the minimum performance requirements for technology, cyber security, data protection and acceptable use of technology.

(aa) Intellectual property risks

The Combined Group's ability to leverage its innovation and expertise depends in part upon its ability to protect its intellectual property and any improvements to it, as well as the Combined Group's confidential information. Intellectual property that is important to the Combined Group will include its knowhow, trademarks, domain names, website, business names and logos. The Combined Group will rely on general law protections in respect of its intellectual property portfolio. If it became necessary for the Combined Group to bring or defend intellectual property enforcement proceedings, this may (like any contentious legal proceedings) result in significant costs being incurred by the Combined Group.

(bb) Communicable disease outbreak

The outbreak of communicable diseases around the world (such as new, more dangerous strains of coronavirus COVID-19) may lead to higher volatility in the global capital markets, which may materially and adversely affect the Combined Group's business, financial condition and results of operations. It may also affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect the economies in jurisdictions where the Combined Group operates. In addition, such outbreaks may result in restrictions on travel and public transport and prolonged closures of workplaces which may have an adverse effect on the global economy and may also impact the Combined Group's operational performance should the Combined Group's projects be affected by these restrictions.

(cc) Anti-corruption laws

The Combined Group will operate in a number of countries, including some countries that rank poorly in published indices of perceived public corruption. In these and other countries, the Combined Group's operations may be subject to anti-corruption laws (including laws in Australia, the United Kingdom, the U.S. and other foreign jurisdictions), which generally prohibit companies or their agents and employees from providing anything of value to a foreign official for the purposes of influencing any act or decision of these individuals in their official capacity to help obtain or retain business, direct business to any person or corporate entity, or obtain any unfair advantage. The Combined Group's activities in these countries may create the risk of unauthorised payments or offers of payments by one of its employees, agents or distributors that could be in violation of applicable anti-corruption laws, even though these parties are not always subject to the Combined Group's control. Violations of anti-corruption laws or regulations may result in severe criminal or civil sanctions, and may also expose the Combined Group to other liabilities, which could adversely affect the business, financial position and results of operations.

The Combined Group will seek to continuously evaluate existing and new anti-corruption laws, regulations and local laws. The Combined Group may cease conducting business in certain high risk countries where these types of payments may often be required to operate, or where certain acts prohibited by anti-corruption laws or regulations may be prevalent. This could significantly affect the Combined Group's revenue if mining clients continue to pursue new exploration projects in areas where the Combined Group decides to not conduct business.

Perenti has a number of policies and standards in place, including a code of conduct which sets out the standards of behaviour expected of directors, employees, consultants, contractors and suppliers. These policies and standards are supported by assurance processes. To assist in ensuring compliance and maintaining best standards, Perenti also maintains web-based training packages for code of conduct, anti-bribery and corruption and whistleblowing.

(dd) Litigation

Litigation risks relating to the Combined Group, its subsidiaries or assets will include, but will not be limited to, contractual, environmental, occupational health and safety and employee claims, regulatory disputes, regulatory actions (including tax disputes), legal actions from special interest groups, as well as third party claims for damage or loss resulting from acts or omissions of the Combined Group. In addition to litigation risks, the Combined Group may also from time to time be subject to complaints, inquiries, investigations and audits.

Given the size, nature and breadth of the Combined Group's businesses, it is not unusual for the Combined Group to be exposed to claims of the types noted above. By way of example, the Combined Group is currently involved in matters including:

- a number of ongoing tax disputes relating to Perenti's operations in Ghana and Tanzania;
- a number of claims initiated by Perenti for payment of amounts owing from various former customers for services rendered by, or goods sold by, the Combined Group (**Debt Recovery Claims**), including:
  - a Debt Recovery Claim for outstanding payments under a mining contract in Africa which concluded in 2018;
  - a Debt Recovery Claim for outstanding payment for equipment purchased from Perenti (with the buyer having since appointed voluntary administrators); and
  - a Debt Recovery Claim to recover the final instalment of an agreed amount payable by a former customer to Perenti on exit of a surface mining contract. The former customer subsequently made certain allegations against Perenti and certain of its officers and employees, purporting to seek damages (grossly in excess of the amount owing under the relevant Debt Recovery Claim) for alleged fraudulent misrepresentation or, alternatively, alleged breaches of the surface mining contract. The counterclaim was made notwithstanding the limitations of liability within the relevant surface mining contract and the releases given by the former customer. Perenti is of the view that this very large counterclaim is tactical in nature and that there are no realistic prospects that the counterclaim will succeed or give rise to any material liability for Perenti or have a material effect on Perenti's guidance or future earnings;

- a number of workers' compensation or similar claims against members of the Perenti and DDH1 groups, which claims are being handled by the insurers of Perenti and DDH1 respectively;
- ongoing investigations into the tragic incident which occurred in February 2023 at the Dugald River Undergound Mine, where two Barminco employees lost their lives, and discussions relating to the final close-out of the contract relating to that mine; and
- a claim against DDH1 alleging that it authorised an infringement of copyright.

Legal proceedings could have an adverse effect on the Combined Group's reputation and brand and divert management and financial resources of the Combined Group while being resolved, including in instances where the proceedings are successfully resolved without having material financial consequences for the Combined Group. While the Combined Group seeks to minimise exposure to legal claims (including through risk management processes to minimise the occurrence of matters that might give rise to claims, contractual protections to limit exposure, insurance to cover certain risks and the appointment of advisers to assist with defending any claims), the Combined Group may nevertheless be exposed to material financial liabilities as a result of such claims, and in some cases exposure may be higher than anticipated by the Combined Group or than provided for (as contingent liabilities) in the accounts of the Combined Group.

As at the date of this Scheme Booklet, Perenti does not anticipate that any of the abovementioned matters will have a material effect on Perenti's guidance or future earnings or give rise to any material financial liability (other than as may be provided for in Perenti's accounts).

(ee) Environmental

Environmental risks are inherent in mining and are therefore particularly relevant to the mining services sector. As a result, various environmental legislation and regulations could affect the operations of the Combined Group and its assets. Environmental legislation and regulations impose certain obligations and requirements on operators such as the Combined Group, establish standards and protections regarding certain aspects of health and the environment, provide for penalties and other liabilities for violation of such standards and protections, and establish obligations to remediate current facilities and locations where operations are, or were previously, conducted. There is a risk that such liabilities and obligations could be imposed on the Combined Group.

Environmental management and compliance is an important part of the business for current and potential clients of the Combined Group. These clients' operations are subject to numerous laws, regulations and guidelines relating to the protection of the environment, including those governing the management, transportation and disposal of hazardous substances and other waste materials, which the Combined Group must abide by under law in the relevant jurisdictions and under the contractual arrangements with its clients. These laws, regulations and guidelines include those relating to spills, releases, emissions and discharges of pollutants and other materials into the environment, which may require removal or remediation and may impose civil and criminal penalties for violations. Some of the laws, regulations and guidelines that apply to operations also authorise the recovery of natural resource damages by the government, injunctive relief and the imposition of stop, control, remediation and abandonment orders.

The Combined Group's drill and blast operations, along with operations involving the release of hydrocarbons, may be conducted in or near ecologically sensitive areas, such as wetlands, which are subject to special protective measures and which may expose the Combined Group to additional operating costs and liabilities for non-compliance with applicable laws. Onsite, the Combined Group will need to work with its clients to ensure that services operate in alignment with onsite policies, management systems and procedures, and there is a risk that the Combined Group's actions or failure to act may result in the client incurring environmental liability, regulatory penalties or having licenses suspended, cancelled or subjected to additional conditions. Additionally, customer contracts of the Combined Group may contain broad indemnities in favour of the client for losses suffered by the client in connection with the services provided by the Combined Group. Such client losses may include costs incurred in connection with contamination caused by the Combined Group's activities.

Accordingly, in each case, there is a risk that liabilities and obligations associated with environmental incidents and risks could be imposed on, or borne by, the Combined Group.

(ff) Other financial risks

Liquidity risk is the risk that the Combined Group will not be able to meet its financial obligations as they fall due. This could be as a result of (amongst other things) counterparty risk, project underperformance, exposure to contractual liability or an inability to repatriate and recycle cash on a timely basis.

The Combined Group will seek to manage these risks through active treasury management, robust risk management processes and through diversifying the business so that the Combined Group will not be reliant on a single party, project or jurisdiction for revenue. In addition, the Combined Group will seek to continuously monitor minimum liquidity thresholds through short, medium and long term cash flow forecasting, and through active management of credit and equity funding lines. It is also intended that the Combined Group will have a comprehensive insurance program that provides protections against certain risks that could result in financial loss.

Interest rate risk is the risk that fluctuations in interest rates may affect the Combined Group's financial performance or position. The Combined Group is exposed to interest rate risk through its debt structures, and instruments linked to interest rates.

The Combined Group will seek to manage interest rate risk through maintaining an appropriate level of leverage for the size of its business and by seeking to ensure that its debt facilities are priced competitively.

7.3 GENERAL RISKS TO AN INVESTMENT IN DDH1, PERENTI AND THE COMBINED GROUP

The operating and financial performance of DDH1, Perenti and the Combined Group is (or will be) influenced by the general business and economic variables that impact upon all entities listed on a stock exchange including changes in business and economic factors, such as interest rates, exchange rates, inflation, changes in national demographics, changes in governmental policy and changes to accounting or reporting standards.

The price at which DDH1 Shares and Perenti Shares will trade on the ASX can be affected by a range of external factors over which neither DDH1, nor Perenti, have any control.

(a) Economic factors

If the Scheme is implemented, the Combined Group will be a publicly listed company on the ASX and will be subject to general market risk that is inherent in all securities listed and traded on a securities exchange. This may result in fluctuations in the share price that are not explained by the fundamental operations and activities of the Combined Group.

Factors affecting the price of shares quoted on the ASX could include but are not limited to:

(i) the number of potential buyers or sellers of shares on the ASX at any given time;

(ii) fluctuations in the domestic and international markets for listed stocks;

(iii) general economic conditions including the unemployment rate, interest rates, inflation rates, exchange rates, commodity and oil prices, and changes to government fiscal, monetary or regulatory policies, legislation or regulation;

(iv) recommendations by brokers or research analysts;

(v) inclusion in, or removal from, market indices;

(vi) global hostilities, tensions or acts of terrorism;

(vii) the nature of the markets in which the Combined Group operates; and

(viii) general operational and business risks.

These factors may cause New Perenti Shares to trade at prices below the price at which Perenti Shares are currently traded. There is no assurance that the price of shares will increase following the issue of New Perenti Shares, even if the Combined Group's earnings increase.

General economic conditions (both domestically and internationally) may adversely impact on the price of the shares, as well as the Combined Group's ability to pay dividends. This includes an increase in unemployment rates, negative consumer and business sentiment and changes in interest rates, among other factors.

(b) Change in laws

The operations of the Combined Group will be subject to various Federal, State and local laws. Changes to current laws in the jurisdictions within which the Combined Group operates or may in the future operate, could have a material adverse impact on the Combined Group's operations, financial performance and financial position.

(c) Taxation

Tax Laws are complex and are subject to change periodically as is their interpretation by the relevant courts and the tax revenue authorities. Changes in Tax Law (including income tax, transfer pricing, goods and services tax, stamp duties and employment taxes), or changes in the way Tax Laws are interpreted may impact the tax liabilities of the Combined Group, shareholder returns, the level of dividend imputation or franking, or the tax treatment of a shareholder's investment.

In particular, both the level and basis of taxation may change. The tax information provided in this Scheme Booklet is based on current Tax Law as at the date of this Scheme Booklet. Tax Law is frequently being changed, both prospectively and retrospectively.

In addition, tax authorities may review the tax treatment of transactions entered into by the Combined Group. Any actual or alleged failure to comply with, or any change in the application or interpretation of, tax rules applied in respect of such transactions, may increase the Combined Group's tax liabilities or expose it to legal, regulatory or other actions.

(d) Accounting standards

Australian Accounting Standards are set by the Australian Accounting Standards Board (**AASB**) and are outside the control of DDH1, Perenti or the Combined Group. Changes to accounting standards issued by the AASB could materially adversely affect the financial performance and position reported in the financial statements of DDH1, Perenti or the Combined Group.

(e) Force majeure

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of the Combined Group, or the price of the shares. These events include, but are not limited to, terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Combined Group's products and services.

(f) Climate-change

The physical and non-physical impacts of climate change may affect the Combined Group's assets, its productivity, the markets for its products, and the communities in which the Combined Group operates. Risks related to the physical impacts of climate change include acute risks resulting from increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns.

7.4 RISKS TO DDH1 SHAREHOLDERS IF THE SCHEME DOES NOT PROCEED

If the Scheme does not proceed:

(a) DDH1 will remain listed on the ASX as a standalone entity;

(b) DDH1 Shareholders will retain their DDH1 Shares and will not receive the Scheme Consideration;

(c) the benefits anticipated from the Transaction will not be realised; and

(d) DDH1's transaction and other costs will still be incurred, subject to any off-set by way of break fee payment.

Further, if the Scheme is not implemented, the trading price of DDH1 Shares may change even in the absence of a change in any other factors that might ordinarily influence a share price. It is not possible to determine whether the price of DDH1 Shares will increase or decrease if the Scheme is not implemented.

8. IMPLEMENTATION OF THE SCHEME

All dates referred to in this Section 8 are indicative only. The actual dates on which events referred to in this Section 8 will occur will depend upon the time at which the Conditions are satisfied or waived (as applicable). The Conditions are summarised in Section 8.2 and set out in full in clause 3.1 of the Scheme Implementation Agreement (a copy of which is available for download from http://www.investorvote.com.au (Control Number: 182792)) and clause 2.1 of the Scheme in Annexure A. DDH1 has the right to vary all dates subject to all necessary approvals. Any variation to the dates referred to in this Section 8 will be announced to the ASX and published on DDH1's website.

8.1 KEY STEPS TO IMPLEMENT THE SCHEME

(a) Scheme Meeting

In accordance with an order of the Court made on 16 August 2023, DDH1 Shareholders will be asked to approve the Scheme at the Scheme Meeting to be held in person at 1.00pm (AWST) on 18 September 2023 and via an online platform at https://meetnow.global/MXAKMFZ. The Notice of Scheme Meeting is set out in Annexure D.

At the Scheme Meeting, DDH1 Shareholders will be asked to consider and, if thought fit, to approve the Scheme. For the Scheme to be approved by DDH1 Shareholders, votes in favour of the Scheme Resolution must be received from:

- a majority in number (more than 50%) of DDH1 Shareholders present and voting at the Scheme Meeting (either in person, by proxy or attorney or in the case of corporate DDH1 Shareholders, by a duly appointed corporate representative) (the **Headcount Test**); and
- at least 75% of the total number of votes cast on the Scheme Resolution by DDH1 Shareholders at the Scheme Meeting.

If the Scheme is not approved by DDH1 Shareholders at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test, DDH1 may apply to the Court for the Court to exercise its discretion to disregard the Headcount Test and make orders approving the Scheme.

The DDH1 Directors and the Independent Board Committee unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders. Subject to the same qualifications, each DDH1 Director intends to cause all the DDH1 Shares in which he or she has a Relevant Interest to be voted in favour of the Scheme Resolution.

(b) Second Court Date

If the Scheme is approved by the Requisite Majorities of DDH1 Shareholders at the Scheme Meeting, DDH1 will apply to the Court for orders approving the Scheme following the Scheme Meeting. The date on which the Court hears DDH1's application in relation to the Scheme is the Second Court Date. The Second Court Date is expected to be on or around 26 September 2023 and the Second Court Hearing is open to all DDH1 Shareholders.

If the Scheme is not approved by the Requisite Majorities of DDH1 Shareholders at the Scheme Meeting, the Scheme will not be implemented and DDH1 will not apply to the Court for any orders in connection with the Scheme.

The Court has discretion whether or not to approve the Scheme under section 411(4)(b) of the Corporations Act and may refuse to approve the Scheme even if the Scheme is approved by the Requisite Majorities of DDH1 Shareholders.

The Corporations Act and the relevant Court rules provide a procedure for DDH1 Shareholders to oppose the approval by the Court of the Scheme. Any DDH1 Shareholder who wishes to oppose the approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on DDH1 a notice of appearance in the prescribed form together with any affidavit on which the DDH1 Shareholder will seek to rely at the Second Court Hearing. The notice of appearance and any affidavit must be served on DDH1 at least one day before the Second Court Date (the Second Court Date is expected to be 26 September 2023). Any change to the Second Court Date will be announced to the ASX and published on DDH1's website at https://www.ddh1.com.au.

ASIC will be asked to issue a written statement that it has no objection to the Scheme. ASIC would not be expected to issue such a statement until shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

(c) Effective Date

If the Court approves the Scheme, DDH1 will lodge with ASIC an office copy of the Court order approving the Scheme. DDH1 intends to lodge this with ASIC on the Business Day following receipt of the orders, which means it expects to lodge the order on 27 September 2023. The Scheme comes into effect on the date on which DDH1 lodges the Court order approving the Scheme with ASIC. This date is referred to in this Scheme Booklet as the Effective Date.

If the Conditions are not satisfied or waived (as applicable) by the End Date, the Scheme Implementation Agreement may be terminated, which will mean the Scheme will not be implemented.

(d) Implementation of the Scheme

If the Scheme is implemented, Scheme Shareholders will receive the Scheme Consideration for each Scheme Share held on the Record Date (currently expected to be 5.00pm (AWST) on 29 September 2023) as follows:

- no later than the Business Day before the Implementation Date, Perenti will deposit funds equal to the total Cash Consideration Pool into a trust account for DDH1 to hold as trustee for the Scheme Shareholders;
- on the Implementation Date:
  - — Perenti will issue to, and enter into the Perenti Share Register the name and address of, each Scheme Shareholder the number of Perenti Shares it is entitled to receive under the Scheme; and
  - — DDH1 will pay to each Scheme Shareholder the amount of cash (if any) to which it is entitled to receive under the Scheme, from the amount deposited by Perenti into the trust account; and
- within 5 Business Days after the Implementation Date, Perenti will despatch holding statements to Scheme Shareholders for the New Perenti Shares issued to them pursuant to the Scheme.

On the Implementation Date, subject to the provision of the Scheme Consideration, all DDH1 Shares held by Scheme Shareholders (together with all rights and entitlements attaching to them) will be transferred to Perenti without any further action required by Scheme Shareholders and at no cost to them. DDH1 will enter the name of Perenti into the DDH1 Share Register in respect of all Scheme Shares. DDH1 will then become a Subsidiary of Perenti.

For the purposes of determining who is a Scheme Shareholder, dealings in DDH1 Shares or other alterations to the DDH1 Share Register will only be recognised if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered in the DDH1 Share Register as the holder of the relevant DDH1 Shares before the Record Date; and
- in all other cases, registrable transfer or transmission applications in respect of those dealings are received before the Record Date at the place where the DDH1 Share Register is kept.

DDH1 will not accept for registration, or recognise for any purpose (except a transfer to Perenti under the Scheme and any subsequent transfer by Perenti or its successors in title), any transmission application, transfer or other request in respect of DDH1 Shares received on or after the Record Date, or received prior to the Record Date but not in registrable or actionable form.

DDH1 must maintain the DDH1 Share Register until the Scheme Consideration has been paid to the Scheme Shareholders and Perenti has been entered in the DDH1 Share Register as the holder of all Scheme Shares. The DDH1 Share Register in this form and the terms of the Scheme will solely determine entitlements to the Scheme Consideration.

From the Record Date (and other than for Perenti following the Implementation Date), all share certificates and holding statements for the Scheme Shares will cease to have effect as documents of title, and each entry in the DDH1 Share Register (other than for Perenti) at that date will cease to have any effect other than as evidence of entitlement to the Scheme Consideration.

8.2 CONDITIONS

A number of Conditions need to be satisfied or waived (as applicable) before the Scheme can be implemented. The Conditions include (in summary):

(a) **Shareholder approval:** DDH1 Shareholders approve the Scheme by the majority required under section 411(4)(a)(ii)(B) of the Corporations Act;

(b) **Court approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;

(c) **Regulatory approvals:** all consents, waivers and approvals from a Regulatory Authority (including but not limited to, from ASIC and ASX) which DDH1 and Perenti agree in writing are necessary or desirable to implement the Scheme are granted or obtained on or before 8.00 am on the Second Court Date, and if such consents, approvals or other acts are subject to conditions, those conditions must be acceptable to both DDH1 and Perenti (acting reasonably);

(d) **No restraint:** there is no temporary restraining order, preliminary or permanent injunction or other temporary, preliminary or final order issued by any court of competent jurisdiction, no preliminary or final decision, determination, notice of objection, or order issued by any Regulatory Authority or any other legal restraint preventing, restraining, prohibiting or materially adversely affecting the Scheme as at 8.00 am on the Second Court Date;

(e) **Independent Expert's Report:** the Independent Expert does not change or publicly withdraw its conclusion that the Scheme is in the best interests of DDH1 Shareholders (which will continue to be assessed until 8.00 am on the Second Court Date);

(f) **Material Change of Control Contracts:** on or before 8.00 am on the Second Court Date, DDH1 has received a copy of each consent, waiver or confirmation required under the Material Change of Control Contracts to the change of control of DDH1 resulting from the Transaction (and such consents, waivers or confirmations have not been withdrawn, suspended or revoked) (**Material Change of Control Contracts Condition**);

(g) **DDH1 Loan Shares:** Perenti and DDH1 (each acting reasonably and in good faith) have agreed the form of the DDH1 Loan Share Deed and Perenti has executed each DDH1 Loan Share Deed prior to 8:00 am on the Second Court Date;

(h) **No DDH1 Material Adverse Change:** no DDH1 Material Adverse Change occurring before 8.00 am on the Second Court Date;

(i) **No DDH1 Prescribed Occurrence:** no DDH1 Prescribed Occurrence occurring before 8.00 am on the Second Court Date;

(j) **DDH1 Warranties:** each DDH1 Warranty is true and correct in all material respects as at the time they are given or made;

(k) **Perenti Warranties:** each Perenti Warranty is true and correct in all material respects as at the time they are given or made;

(l) **No Perenti Material Adverse Change:** no Perenti Material Adverse Change occurring before 8.00 am on the Second Court Date;

(m) **No Perenti Prescribed Occurrence:** no Perenti Prescribed Occurrence occurring before 8.00 am on the Second Court Date; and

(n) **Quotation of New Perenti Shares:** before 8.00 am on the Second Court Date, ASX provides such comfort as is acceptable to DDH1, acting reasonably, that the New Perenti Shares to be issued to Scheme Shareholders pursuant to the Scheme are likely to be approved for official quotation by ASX (subject to the Scheme becoming Effective and the application by Perenti for the quotation of the Shares in accordance with the Listing Rules).

The Conditions are set out in full in clause 3.1 of the Scheme Implementation Agreement and clause 2.1 of the Scheme in Annexure A. The Conditions set out in paragraphs (a) and (b) above cannot be waived by either party.

As at the date of this Scheme Booklet, DDH1 is not aware of any circumstances that would cause the Conditions not to be satisfied or waived.

DDH1 intends to announce on the ASX the satisfaction or waiver (as applicable) of the Conditions prior to the Scheme Meeting.

If the Conditions are not satisfied or waived (as applicable) by the End Date, the Scheme Implementation Agreement may be terminated, which will mean the Scheme will not be implemented.

8.3 IF THE CONDITIONS ARE NOT MET

If there is a breach or non-fulfilment of a Condition, or an act, failure to act, event or occurrence which will prevent a Condition being satisfied, which is not waived in accordance with the Scheme Implementation Agreement, or the Scheme has not become Effective by the End Date, then DDH1 and Perenti must consult, acting reasonably and in good faith, with a view to determining whether:

(a) the Scheme may proceed by way of alternative means so as to achieve an outcome that is commercially substantially the same as the Scheme, and no less favourable to DDH1 Shareholders or to Perenti than would result from the implementation of the Scheme;

(b) to extend the relevant time for satisfaction of the Condition or to adjourn or change the date of an application to the Court;

(c) to apply to the Court to postpone or adjourn the Scheme Meeting;

(d) to extend the End Date; or

do all, or any combination of the matters listed above.

8.4 CONDUCT OF BUSINESS

Subject to certain exceptions, up to and including the Implementation Date, both Perenti and DDH1 must procure that the business and operations of the respective Groups are conducted in the ordinary course and substantially consistent with the manner in which its business and operations were conducted in the 12-month period prior to the date of the Scheme Implementation Agreement.

In general, DDH1 and Perenti must also keep each other informed of material developments concerning their respective Groups. This includes material departures from disclosed business plans and budgets, and any material claims commenced or threatened that relate to a member of either respective Group or the Transaction.

8.5 WARRANTY BY SCHEME SHAREHOLDERS ABOUT THEIR DDH1 SHARES

Under the Scheme, each Scheme Shareholder is deemed to have warranted to Perenti, and to the extent enforceable, appointed and authorised DDH1 as its agent to warrant to Perenti, that:

- all its Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to Perenti, be fully paid and free from all Encumbrances, whether legal or otherwise, and from any restrictions on transfer of any kind;
- it has full power and capacity to sell and to transfer those Scheme Shares together with any rights and entitlements attaching to such shares to Perenti under the Scheme; and
- you have no right (whether conditional or not) to be issued any shares or other securities in DDH1 or any of its Subsidiaries.

In addition, under the Scheme, if you are to be issued New Perenti Shares, you will be taken to have agreed to become a member of Perenti, accept the New Perenti Shares to be issued to you, and to be bound by Perenti's constitution.

8.6 SUSPENSION OF TRADING IN DDH1 SHARES

It is expected that suspension of trading in DDH1 Shares on the ASX will occur from the close of trading on the Effective Date. This is expected to occur on 27 September 2023.

DDH1 will apply for termination of the official quotation of DDH1 Shares on the ASX and to have itself removed from the official list of the ASX with effect from the close of business on the Business Day following the Implementation Date.

9. IMPLICATIONS IF THE SCHEME IS NOT IMPLEMENTED

The Scheme will not be implemented if the Scheme is not approved by the Requisite Majorities at the Scheme Meeting, if the Scheme is not approved by the Court, or if any of the other Conditions are not satisfied or waived (as applicable).

If the Scheme is not implemented:

- DDH1 Shareholders will not receive the Scheme Consideration;
- DDH1 Shares will not be transferred to Perenti (and will be retained by DDH1 Shareholders);
- DDH1 will continue to operate as a stand-alone entity, and remain listed on the ASX;
- DDH1 Shareholders will continue to be exposed to the benefits and risks associated with an investment in DDH1 on a stand-alone basis (please refer to Section 7 for further details about these risks);
- the amount which DDH1 Shareholders will be able to realise for their investment in DDH1 may be uncertain; and
- in the absence of a Superior Proposal, the DDH1 Directors believe that the trading price of DDH1 Shares may fall from current levels.

In addition, some circumstances which cause the Scheme to not be implemented may result in the payment of a reimbursement fee by DDH1 to Perenti, or a reimbursement fee by Perenti to DDH1. If DDH1 Shareholders do not approve the Scheme by the Requisite Majorities, this will not trigger payment of a reimbursement fee by DDH1.

The reimbursement fees (including the circumstances in which they may be payable by either DDH1 or Perenti) are summarised in Section 1.17 and set out in full in clause 11 of the Scheme Implementation Agreement.

If the Scheme is not implemented, the DDH1 Directors will determine the future strategy for DDH1. DDH1 will continue to operate as it does currently.

10. AUSTRALIAN TAX IMPLICATIONS OF THE SCHEME

The following summary is prepared solely for DDH1 Shareholders that will convert to Scheme Shareholders as described below, if the Scheme becomes Effective and is implemented, and is a general overview of certain material Australian taxation implications of the proposed Scheme as outlined in this Scheme Booklet. Further, it solely relates to Scheme Shareholders who:

(i) are, and have always been a tax resident of, and only of, Australia for Australian income tax purposes;

(ii) do not hold, and have never held, their Scheme Shares as part of a permanent establishment outside of Australia for Australian income tax purposes; and

(iii) hold, and have always held, their Scheme Shares directly and solely on capital account for Australian income tax purposes ("**Australian Holders**"); and

Scheme Shareholders who:

(i) are not, and have never been, a tax resident of Australia for Australian income tax purposes;

(ii) do not hold, and have never held, their Scheme Shares as part of a permanent establishment in Australia for Australian income tax purposes; and

(iii) hold, and have always held, their Scheme Shares directly and solely on capital account for Australian income tax purposes ("**Non-Australian Holders**").

This overview does not consider the Australian tax implications arising in respect of any Scheme Shareholders who:

- are engaged in a business of trading shares or investment in shares;
- acquired their Scheme Shares as part of a profit making undertaking or scheme;
- hold their Scheme Shares on revenue account or as trading stock;
- are banks, insurance companies or exempt from Australian income tax;
- acquired their shares in respect of their employment with DDH1 (or an associated company) pursuant to an employee share, option or rights plan;
- are partnerships or individuals who are partners of such partnerships;
- hold their Scheme Shares as an asset in a business carried on through a permanent establishment in Australia for Australian income tax purposes;
- are under a legal disability;
- are Ineligible Overseas Shareholders;
- are subject to the "taxation of financial arrangements" rules in Division 230 of the Income *Tax Assessment Act 1997* (Cth) ("**Australian Tax Act**");
- are temporary residents for Australian income tax purposes; or
- are subject to the Controlled Foreign Company rules contained in Part X of the *Income Tax Assessment Act 1936* (Cth).

Except where expressly referred to below in "*Other Australian tax comments*" this overview is confined to Australian income tax issues and is only one of the matters a Scheme Shareholder needs to consider when making a decision about their investments.

This overview is based on the current provisions of the income tax laws of Australia and the current published administrative policies of the Australian Taxation Office ("**ATO**"). This summary does not take into account or anticipate any changes in law (unless otherwise expressly stated), whether by legislative, governmental or judicial decision or action, or any changes in the administrative policies of the ATO. Unless otherwise defined or the context otherwise requires, terms used in this overview have the same meaning as the term has under the current income tax laws of Australia.

This overview is of a general nature only and is not intended to be, legal or tax advice or representations to any particular Scheme Shareholder. This summary is not exhaustive of all Australian tax considerations applicable to Scheme Shareholders. Accordingly, Scheme Shareholders should consult their own tax advisors for advice with respect to the tax consequences for them, on implementation of the Scheme, and of holding and disposing of Perenti Shares which are acquired as part of the Scheme, having regard to their own particular circumstances.

10.1 DDH1 PERMITTED DIVIDEND

The Scheme acknowledges that DDH1 is permitted to declare and/or pay a dividend in the ordinary course of business. In particular, the Scheme is not conditional on payment of the DDH1 Permitted Dividend and any DDH1 Permitted Dividend is not conditional on the Scheme being implemented. Any DDH1 Permitted Dividend paid is expected to be fully franked (subject to available franking credits at the time the DDH1 Permitted Dividend is paid, if at all).

(a) Australian Holders

DDH1 Shareholders who are Australian Holders are generally required to include the DDH1 Permitted Dividend and any attached franking credits in their assessable income, in the income year in which the DDH1 Permitted Dividend is paid. Australian Holders may be entitled to a tax offset for Australian income tax purposes equal to the franking credits attached to the DDH1 Permitted Dividend. Australian Holders that are individuals or complying superannuation entities may be entitled to a refund of excess franking credits where the tax offset exceeds their tax liability for the income year.

Australian Holders that are companies will not be entitled to a refund of any tax offset but may convert any excess tax offset to a carry forward loss that may be used to offset income earned in future years (subject to the satisfaction of the loss utilisation rules).

Australian Holders that are corporate shareholders should be entitled to a credit in their own franking accounts equivalent to the franking credit attached to the DDH1 Permitted Dividend received. This will allow the corporate shareholder to pass on the benefit of the franking credits to its own shareholder(s) on the payment of the DDH1 Permitted Dividend.

Australian Holders are generally required to have held their shares 'at risk' for 45 days (not including the day of the share's acquisition or disposal) in order to be eligible for the franking benefits outlined above.

Australian Holders should obtain independent professional advice on the application of these rules to their particular circumstances.

(b) Non-Australian Holders

A fully franked DDH1 Permitted Dividend should not be included in the assessable income of Non-Australian Holders for Australian income tax purposes. The Non-Australian Holders may separately be subject to foreign tax on the DDH1 Permitted Dividend in their jurisdiction of residence for income tax purposes.

Non-Australian Holders should not be liable for Australian dividend withholding tax in respect of the DDH1 Permitted Dividend to the extent to which the DDH1 Permitted Dividend is franked.

The unfranked portion (if any) of the DDH1 Permitted Dividend may be declared to be 'conduit foreign income' for Australian income tax purposes (subject to the availability of conduit foreign income for distribution) on the Non-Australian Holders dividend statement. To the extent the DDH1 Permitted Dividend is declared to be a conduit foreign income dividend, it will be exempt from Australian dividend withholding tax.

Any unfranked component of the DDH1 Permitted Dividend which is not declared as 'conduit foreign income' for Australian income tax purposes will be subject to a final Australian dividend withholding tax that will be deducted before the DDH1 Permitted Dividend is paid at a rate of 30% unless the Non-Australian Holder is resident of a country with which Australia has entered into a tax treaty that varies the withholding tax amount that is applicable for dividends.

Non-Australian Holders should obtain independent professional advice in relation to their own particular circumstances, including in respect of taxation in the jurisdiction where they are a resident for income tax purposes.

No Class Ruling is being sought from the ATO in respect of the Scheme and therefore, the ATO could form the opinion that any DDH1 Permitted Dividend is part of the sale proceeds received in respect of the disposal of Scheme Shares by Scheme Shareholders. Notwithstanding this risk, having regard to 'Taxation Ruling 2010/4' issued by the ATO, the fact that any DDH1 Permitted Dividend is part of DDH1's ordinary dividend cycle, that the DDH1 Permitted Dividend is not dependent on the Scheme and the Scheme is not dependent on the DDH1 Permitted Dividend should result in the DDH1 Permitted Dividend being treated for Australian tax purposes in the manner described above and not part of the Scheme consideration proceeds.

10.2 DISPOSAL OF SCHEME SHARES BY AUSTRALIAN HOLDERS

(a) Capital Gains or Losses

The disposal of Scheme Shares by Australian Holders pursuant to the Scheme will result in a capital gains tax ("**CGT**") event ("**CGT event**") happening for Australian Holders for Australian income tax purposes. However, Australian Holders may be eligible to choose partial roll-over relief in respect of that CGT event in certain circumstances (see "*Potential Partial Roll-Over on Disposal of Scheme Shares*" below).

Australian Holders will prima facie derive a capital gain for Australian income tax purposes as a result of that CGT event happening to the extent that the capital proceeds received for Australian income tax purposes exceeds the cost base for Australian income tax purposes of their Scheme Shares. Conversely, Australian Holders will incur a capital loss as a result of that CGT event happening to the extent that the capital proceeds are less than the reduced cost base (for Australian income tax purposes) of their Scheme Shares.

The cost base of Scheme Shares held by each Australian Holder for Australian income tax purposes will generally include the consideration paid to acquire them plus certain related costs of acquisition, including any incidental costs of acquisition such as brokerage fees and duty. The reduced cost base for Australian income tax purposes is determined similarly, though there are some limitations on including certain related costs. The cost base and reduced cost base of the Scheme Shares may be impacted by previous arrangements under which those assets were acquired, such as any previous roll-over chosen for Australian income tax purposes, and certain corporate transactions, such as any capital reductions.

Each Australian Holder should seek specific tax advice to confirm the cost base or reduced cost base of their Scheme Shares (and therefore whether a capital gain or capital loss arises on the relevant CGT event happening).

To the extent any capital gain that arises to an Australian Holder from the CGT event related to the disposal of their Scheme Shares pursuant to the Scheme is not disregarded by the roll-over discussed below (such as a result of either that Australian Holder not making the choice to apply the roll-over or the roll-over not being otherwise available including in respect of any cash component of the Scheme Consideration) (see "*Potential Partial Roll-Over on Disposal of Scheme Shares*"), then subject to:

(i) any eligible recoupment of any current and/or prior year capital losses to offset some or all of that capital gain (and any other capital gains arising to the Australian Holder in the same income year); and

(ii) the application of any other applicable CGT discount (as discussed below), concession or exemption,

that capital gain will be included in calculating the assessable income of the Australian Holder.

An Australian Holder who is an individual, complying superannuation entity or trustee of a trust may be entitled to a CGT discount where the Scheme Shares have been held by that Australian Holder for at least 12 months (excluding the days of acquisition and disposal) at the time of the CGT event. Subject to certain exceptions, the CGT discount for individuals and trusts is 50%, and for complying superannuation entities is $33^{1}/_{3}$%. There is no CGT discount for Australian Holders who are companies (or treated like companies for Australian income tax purposes).

To the extent that a capital loss arises to an Australian Holder, such capital loss may generally be applied to reduce other capital gains arising in the same income year or, in certain circumstances and subject to satisfaction of the relevant rules, may be carried forward to reduce future capital gains derived by the Australian Holder.

(b) Potential Partial Roll-Over on Disposal of Scheme Shares

Australian Holders who make a capital gain as a result of the CGT event happening on the disposal of their Scheme Shares pursuant to the Scheme may be eligible to choose to obtain a roll-over in respect of part of that capital gain pursuant to Subdivision 124-M of the Australian Tax Act ("**roll-over**"), to the extent the capital proceeds received are Perenti Shares, subject to the specific criteria for the roll-over being satisfied.

An Australian Holder who makes a capital loss as a result of the CGT event happening on the disposal of their Scheme Shares cannot choose to apply the roll-over (that is, the Australian Holder cannot elect to disregard any capital loss they incur as a result of the Scheme). Further, the roll-over is not available in respect of any cash component of the Scheme Consideration.

If an Australian Holder is eligible and chooses to apply the partial roll-over to the CGT event happening on the disposal of their Scheme Shares, any capital gain arising from that CGT event would be disregarded for Australian income tax purposes to the extent that the capital proceeds received are Perenti Shares, and accordingly such capital gain would not be included in calculating the assessable income of the Australian Holder.

Where an Australian Holder is eligible and chooses the roll-over, the cost base of the Perenti Shares received by an Australian Holder should equal a reasonable attribution of the Australian Holder's cost base of their Scheme Shares for which the roll-over is applied. Any part of the cost base of the Scheme Shares for which the Scheme Consideration is the cash component is not included. This will be relevant for any future disposal of the Perenti Shares acquired pursuant to the Scheme by such Australian Holder. If roll-over is not chosen, then a different calculation of cost base applies.

For these purposes, a reasonable basis for calculating the cost base of the Perenti Shares may be to multiply the cost base of the Scheme Shares by the proportion that is equal to the market value of the Perenti Shares received as part of the Scheme Consideration divided by the sum of the cash component and the market value of the Perenti Shares received as part of the Scheme Consideration. This cost base is allocated on a proportionate basis across the Perenti Shares received as part of the Scheme Consideration.

To choose the roll-over, an Australian Holder must make a choice before lodging their Australian income tax return for the income year in which the CGT event happens (although the ATO may allow a longer time in certain circumstances). The way in which an Australian Holder prepares their Australian income tax return is evidence of making the choice (that is, by not including the disregarded capital gain in calculating their assessable income). There is no need for the Australian Holder to lodge a notice with the ATO evidencing the choice of the roll-over to the extent an Australian Holder is eligible to apply the roll-over.

There can be no assurance that any Australian Holder would be eligible to choose the roll-over in respect of the CGT event related to the disposal of their Scheme Shares pursuant to the Scheme. Each Australian Holder should seek specific tax advice on the availability and any associated benefit of the roll-over in their specific circumstances. No Class Ruling is being sought from the ATO in this regard.

(c) Foreign resident CGT withholding

Subject to certain exceptions, a foreign resident CGT withholding applies to any transaction involving the acquisition of the legal ownership of an asset that is an "indirect Australian real property interest" from a "relevant foreign resident". The current withholding tax rate is 12.5%.

It is not anticipated that a Scheme Share will comprise an "indirect Australian real property interest" at the time of their disposal under the Scheme (i.e. on the basis that it is not expected that a Scheme Share will pass the "principal asset test" as referred to below at "*Disposal of Scheme Shares by Non-Australian Holders*"). Accordingly, there should be no requirement to withhold 12.5% of the capital proceeds from any Australian Holder in respect of the Scheme.

10.3 DISPOSAL OF SCHEME SHARES BY NON-AUSTRALIAN HOLDERS

(a) Disposal of Scheme Shares by Non-Australian Holders

A Non-Australian Holder will generally be subject to CGT in Australia on the disposal of Scheme Shares if the relevant Scheme Shares are "indirect Australian real property interests" at the time of disposal.

Broadly, an interest in DDH1 will be an "indirect Australian real property interest" for a Non-Australian Holder if the following criteria are satisfied:

- DDH1 satisfies the "principal asset test"; and
- the Non-Australian Holder holds a "non-portfolio interest" in DDH1.

Broadly, DDH1 would satisfy the principal asset test if the market value of DDH1's direct and indirect interests in relevant Australian land, including leases and mining rights, is more than the market value of its other assets at the Implementation Date. At the date of the Scheme Booklet, DDH1 management has determined that less than 50% of the aggregate market value of DDH1's assets is attributable to direct or indirect interests in relevant Australian land and does not anticipate this to change at the Implementation Date. Accordingly, DDH1 is not expected to satisfy the "principal asset test" at the Implementation Date.

Broadly, a Non-Australian Holder will have a non-portfolio interest in DDH1 if, either at the Implementation Date or throughout a 12 month period in the two years before the Implementation Date, the Non-Australian Holder and its associates directly hold 10% or more of DDH1 (by reference to the paid up share capital, certain voting rights and rights to dividend and capital distributions, including those that the Non-Australian Holder and associates actually hold and those that they are entitled to acquire).

As a result of the position outlined above, Non-Australian Holders are not expected to be subject to Australian CGT on the disposal of their Scheme Shares. Accordingly, as Non-Australian Shareholders are not expected to realise an Australian taxable gain on the disposal of their Scheme Shares, they will not require or be eligible for a partial CGT rollover.

(b) Foreign resident CGT withholding

The same comments above in "Disposal of Scheme Shares by Australian Holders" in relation to foreign resident CGT withholding should also generally apply to Non-Australian Holders.

10.4 FUTURE DIVIDEND DISTRIBUTIONS RECEIVED IN RELATION TO PERENTI SHARES

Any future distributions received by an Australian Holder in relation to any Perenti Shares acquired pursuant to the Scheme and which are dividends for Australian income tax purposes will be included in calculating the assessable income of those Australian Holders for Australian income tax purposes.

The Australian income tax and Australian withholding tax treatment of any future dividend distribution on Perenti Shares for Australian Holders and Non-Australian Holders should be consistent with the outcomes outlined above in relation to the DDH1 Permitted Dividend.

10.5 FUTURE DISPOSAL OF PERENTI SHARES BY AUSTRALIAN HOLDERS

A future disposal of Perenti Shares by an Australian Holder will require consideration of the same Australian income tax matters as described above in respect of the disposal of Scheme Shares by an Australian Holder, subject to any relevant changes in applicable law. However, it will be necessary for an Australian Holder to calculate the cost base or reduced cost base of their Scheme Shares which will depend on whether or not they chose rollover in relation to the disposal of their Scheme Shares in respect of the Scheme.

Australian Holders will prima facie derive a capital gain for Australian income tax purposes as a result of the CGT event related to any such future disposal of Perenti Shares to the extent that the capital proceeds received for Australian income tax purposes exceeds the cost base for Australian income tax purposes of their Scheme Shares. Conversely, Australian Holders will incur a capital loss as a result of that CGT event happening to the extent that the capital proceeds are less than the reduced cost base (for Australian income tax purposes) of their Scheme Shares.

Any final capital gain or loss for Australian income tax purposes will broadly depend on whether the Australian Holder has carry forward tax losses and/or is eligible for any CGT discount (or other concession) as discussed above.

Each Australian Holder should seek specific tax advice to confirm the cost base or reduced cost base of their Scheme Shares (and therefore whether a capital gain or capital loss arises on the relevant CGT event happening).

Depending on the circumstances of any future disposal, an Australian Holder may also need to consider foreign resident CGT withholding matters.

10.6 FUTURE DISPOSAL OF PERENTI SHARES BY NON-AUSTRALIAN HOLDERS

A future disposal of Perenti Shares by a Non-Australian Holder will require consideration of the same Australian income tax matters as described above in respect of the disposal of Scheme Shares by a Non-Australian Holder, subject to any relevant changes in applicable law. However, it will be necessary for a Non-Australian Holder to determine the satisfaction or otherwise of the principal asset test and the non-portfolio interest requirement as referred to above at the time of any future disposal of the Perenti Shares by a Non-Australian Holder.

Depending on the circumstances of any future disposal, a Non-Australian Holder may also need to consider foreign resident CGT withholding matters.

10.7 OTHER AUSTRALIAN TAX COMMENTS

(a) Australian Stamp Duty

No Australian stamp duty should be payable by Scheme Shareholders on their disposal of any Scheme Shares or acquisition of any Perenti Shares pursuant to the Scheme. Scheme Shareholders should seek their own advice as to the impact of Australian stamp duty in their own particular circumstances.

(b) Australian Goods and Services Tax (GST)

No GST should be payable by Scheme Shareholders in respect of the disposal of their Scheme Shares and acquisition of Perenti Shares as part of the Scheme, regardless of whether or not the Scheme Shareholder is registered for GST.

Scheme Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition or disposal of the Scheme Shares. Separate GST advice should be sought by Scheme Shareholders in respect to their particular circumstances.

11. ADDITIONAL INFORMATION

11.1 INTERESTS OF DDH1 DIRECTORS IN DDH1 SHARES, DDH1 PERFORMANCE RIGHTS, DDH1 EMPLOYEE SHARES AND DDH1 LOAN SHARES

Other than as listed below, no DDH1 Shares, DDH1 Performance Rights, DDH1 Employee Shares or DDH1 Loan Shares are held or controlled by DDH1 Directors and no such persons are otherwise entitled to such securities as at the Last Practicable Date.

(a) DDH1 Directors' interests in DDH1 Shares

As at the Last Practicable Date, each DDH1 Director has a Relevant Interest in the following number of DDH1 Shares:

DDH1 DIRECTOR	NUMBER OF DDH1 SHARES	PERCENTAGE OF OUTSTANDING DDH1 SHARES
Diane Smith-Gander	147,629	0.04%
Murray Pollock	47,419,961	11.82%
Byron Beath	nil	nil
Alan Broome	45,455	0.01%
Andrea Sutton	95,455	0.02%
Sy Van Dyk	4,965,886	1.24%
Total	**52,674,386**	**13.13%**

Each DDH1 Director intends to cause any DDH1 Shares in which he or she has a Relevant Interest to be voted in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.

Other than as disclosed in this Scheme Booklet, the DDH1 Directors will not receive any direct or indirect benefits from voting in favour of the Scheme Resolution other than the Scheme Consideration to which they are entitled.

(b) DDH1 Directors' interests in DDH1 Performance Rights

As at the Last Practicable Date, the number of DDH1 Performance Rights held by or on behalf of each DDH1 Director are as follows:

DDH1 DIRECTOR	NUMBER OF DDH1 PERFORMANCE RIGHTS
Sy Van Dyk	• 204,545 Performance Rights (unlisted) subject to performance conditions over the period 1 July 2020 to 30 June 2023
	• 204,545 Performance Rights (unlisted) subject to performance conditions over the period 1 July 2021 to 30 June 2024
	• 349,112 Performance Rights (unlisted) subject to performance conditions over the period 1 July 2022 to 30 June 2025
Total	**758,202 Performance Rights**

Please refer to Section 1.12 for details regarding the treatment of DDH1 Performance Rights if the Scheme is implemented and Section 4.5(b) for details of the DDH1 Performance Rights on issue.

(c) DDH1 Directors' Interests in DDH1 Employee Shares

As at the Last Practicable Date, the number of DDH1 Employee Shares held by or on behalf of each DDH1 Director are as follows:

DDH1 DIRECTOR	NUMBER OF DDH1 EMPLOYEE SHARES
Held by custodian and bare trustee, Citicorp Nominees Pty Limited, for the benefit of Sy Van Dyk	909 ordinary shares issued under the Employee Share Plan and subject to a 3-year Restriction Period expiring 5 March 2024
Total	**909**

Please refer to Section 1.13 for details regarding the treatment of DDH1 Employee Shares if the Scheme is implemented and Section 4.5(c) for details of the DDH1 Employee Shares on issue.

(d) DDH1 Directors' interests in DDH1 Loan Shares

As at the Last Practicable Date, the number of DDH1 Loan Shares held by or on behalf of each DDH1 Director, including the outstanding value of each respective DDH1 Director's loan, are as follows:

HOLDER	INITIAL NUMBER OF DDH1 LOAN SHARES	REMAINING NUMBER DDH1 LOAN SHARES	INITIAL VALUE OF LOAN	OUTSTANDING VALUE OF LOAN
Sy Van Dyk	4,420,000	4,420,000	$2,000,271	$1,610,270
Sy Van Dyk	205,000	205,000	$92,773	$74,684
Total		**4,625,000**		**$1,684,954**

Please refer to Section 1.14 for details regarding the treatment of DDH1 Loan Shares if the Scheme is implemented and Section 4.6 for details of the DDH1 Loan Shares on issue.

11.2 REMUNERATION OF DDH1 DIRECTORS

The DDH1 Directors are entitled to be paid fees for their services as DDH1 Directors and have been paid the following fees in the past two financial years (inclusive of superannuation entitlements):

DDH1 DIRECTOR	FY2021[17]	FY2022
Diane Smith-Gander AO Chairperson and Independent Non-Executive Director	$46,438	$155,000
Murray Pollock Non-Executive Director	$30,959 See below in relation to executive fees	$105,000
Byron Beath Non-Executive Director	$35,000	$105,000
Alan Broome AM Independent Non-Executive Director	$90,000	$110,000
Andrea Sutton Independent Non-Executive Director	$32,507	$115,000
Sy Van Dyk Managing Director and CEO	*See below in relation to director/executive fees*	*See below in relation to director/executive fees*

17 The amounts included in respect of FY2021 includes the Non-Executive DDH1 Directors' roles at DDH1 Holdings Pty Ltd (the previous head entity of the DDH1 Group).

11. ADDITIONAL INFORMATION CONTINUED

Certain DDH1 Directors are also entitled to be paid remuneration for their services as executives of DDH1. Mr Van Dyk, in his role as Managing Director and CEO, was paid:

- for FY2021, salary and fees valued at $450,000, superannuation valued at $21,694, non-monetary benefits valued at $1,440, annual leave valued at $14,805, and other long term benefits valued at $3,208; and
- for FY2022, salary and fees valued at $450,000, superannuation valued at $23,568, non-monetary benefits valued at $1,440, annual leave valued at $1,275, short term incentives valued at $125,287, and long term equity incentives valued at $97,616.

Mr Pollock, in his former executive role in FY2021, was paid salary and fees valued at $192,466, superannuation valued at $18,284, non-monetary benefits valued at $1,440, annual leave valued at $14,805, and other long term benefits valued at $3,208. Mr Pollock ceased being remunerated as an executive on 9 March 2021.

11.3 DDH1 DIRECTORS' DEALINGS IN DDH1 SECURITIES

No DDH1 Director acquired or disposed of a Relevant Interest in any DDH1 Shares or DDH1 Performance Rights in the four-month period ending on the date immediately before the date of this Scheme Booklet.

11.4 INTERESTS AND DEALINGS OF DDH1 DIRECTORS IN SECURITIES IN PERENTI GROUP ENTITIES

(a) DDH1 Directors' interests in securities in Perenti Group entities

No DDH1 Director has a Relevant Interest in any securities of Perenti or any other member of the Perenti Group.

(b) DDH1 Directors' dealings in securities in Perenti Group entities

No DDH1 Director has acquired or disposed of a Relevant Interest in any securities of Perenti or any other member of the Perenti Group in the four-month period ending on the date immediately before the date of this Scheme Booklet.

11.5 BENEFITS AND AGREEMENTS

(a) DDH1 Director benefits

DDH1 Shareholders should note that, when considering the recommendation of the DDH1 Directors and Independent Board Committee, Mr Sy Van Dyk (Managing Director and CEO of DDH1) will be receiving a benefit if the Scheme proceeds. As at the Last Practicable Date, Mr Van Dyk holds 758,202 DDH1 Performance Rights that will, in accordance with the Scheme, vest on or before the Record Date, resulting in the issue of 758,202 DDH1 Shares to Mr Van Dyk (see Sections 1.12, 4.5 and 11.1 for further information). In addition, as at the Last Practicable Date, Mr Van Dyk also holds 4,625,000 DDH1 Loan Shares with an outstanding loan balance of $1,684,954 (see Sections 4.6 and 11.1 for further information). In respect of these DDH1 Loan Shares, if the Scheme is implemented, rather than the Scheme triggering repayment of the loan within 3 business days of implementation, it is proposed that Perenti will enter into a DDH1 Loan Share Deed with Mr Van Dyk on substantially the same terms as the existing loan agreement terms (see Section 4.6 for further information).

In addition, if the Scheme is implemented, it is proposed that Mr Van Dyk and a Perenti Group member enter into an executive services agreement (on the terms of the Perenti Group's standard executive service agreement) subject to and with effect from the implementation of the Scheme, and for total remuneration consistent with his existing arrangements with the DDH1 Group.

Despite this interest in the outcome of the Scheme, Mr Van Dyk considers that, given the importance of the Scheme, and his role as CEO of DDH1, it is important and appropriate for him to provide a recommendation to DDH1 Shareholders in relation to voting on the Scheme. Additionally, the DDH1 Board (excluding Mr Van Dyk) also considers that it is appropriate for Mr Van Dyk to make a recommendation on the Scheme given his role in the management and operations of DDH1.

DDH1 Shareholders should further note that, when considering the recommendation of the DDH1 Directors, if the Scheme is implemented, Ms Diane Smith-Gander, Chairperson and Independent Non-Executive Director of DDH1, and Ms Andrea Sutton, Independent Non-Executive Director of DDH1, will be appointed as Non-Executive Directors of Perenti on terms consistent with Perenti's existing remuneration policy (see Sections 6.3(d) and 11.5).

DDH1 Shareholders also should note that, when considering the recommendation of the DDH1 Directors, Mr Murray Pollock (Non-Executive Director of DDH1) has a Relevant Interest in the DDH1 Shares held by substantial shareholder, Western Alloys Pty Ltd as trustee for the Westall Investment Trust (see Sections 4.5 and 11.1 for further information).

(b) Agreements or arrangements with DDH1 Directors

Other than as disclosed in this Scheme Booklet, there are no agreements or arrangements made between any DDH1 Director and any other person, including Perenti, or any other member of the Perenti Group, in connection with, or conditional upon, the outcome of the Scheme.

(c) Payments or other benefits to DDH1 Directors and DDH1 executive officers

Other than as disclosed in this Scheme Booklet, it is not proposed that any payment or other benefit will be made or given to any DDH1 Director, secretary or executive officer of DDH1, or any Related Body Corporate of DDH1, as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office as a DDH1 Director, secretary or executive officer of DDH1, or a body corporate connected with DDH1, as a result of the Scheme, other than in his or her capacity as a DDH1 Shareholder or holder of DDH1 Performance Rights.

If a DDH1 executive's employment is terminated following the change of control arising from the Scheme, the relevant executive will have such entitlements (including in respect of compensation for loss of office) as are contemplated by their employment contract.

Please refer to Section 1.12 for details regarding the treatment of DDH1 Performance Rights if the Scheme is implemented.

(d) Interests of DDH1 Directors in contracts entered into by members of the Perenti Group and benefits from members of the Perenti Group

Other than as disclosed in this Scheme Booklet, no DDH1 Director has any interest in a contract entered into by Perenti or any other member of the Perenti Group and none of the DDH1 Directors has agreed to receive, or is entitled to receive, any benefit from Perenti or any other member of the Perenti Group, which is conditional on, or is related to, the Scheme.

11.6 REGULATORY CONDITIONS AND RELIEF

All Regulatory Approvals that are Conditions to the Scheme are set out in clause 3.1 of the Scheme Implementation Agreement.

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the DDH1 Board, the financial position of DDH1 has materially changed since the date of the last balance sheet laid before DDH1 in general meeting or sent to DDH1 Shareholders in accordance with section 314 or 317 of the Corporations Act, and if so, full particulars of the change.

DDH1 has applied to ASIC for relief from complying with Regulation 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cth) on the basis that:

(a) DDH1 complied with Division 2 of Part 2M.3 of the Corporations Act in respect of the half financial year 2023;

(b) DDH1 has lodged all relevant documents in accordance with the Corporations Act for the half financial year 2023 on or before the date on which the Scheme Booklet was despatched to DDH1 Shareholders;

(c) upon the release of DDH1's financial statements for the full year ended 30 June 2023, DDH1 intends to seek Court approval for the release of a supplementary Scheme Booklet disclosing the updated financial statements and any related implications for DDH1 shareholders;

(d) the Scheme Booklet states that DDH1 will give a copy of the financial report free of charge to anyone who asks for it before the Scheme is approved by the Court;

(e) DDH1 discloses all material changes to its financial position occurring after 31 December 2022; and

(f) the Scheme Booklet sent to DDH1 Shareholders is substantially in the form given to ASIC.

11.7 ADVISORS AND EXPERTS

As at the date of this Scheme Booklet, the persons named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the Scheme and/or the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging as follows:

NAME	ROLE	ESTIMATE OF FEES (EX. GST)
BDO	Independent Expert	$150,000
Deloitte	Investigating Accountant	$75,000
Clayton Utz	DDH1's legal advisor	$685,000
MA Moelis Australia Advisory Pty Ltd	DDH1's financial advisor	$4,200,000
Computershare Investor Services Pty Limited	DDH1's share registry	$16,000

11.8 CONSENTS AND DISCLAIMERS

Each person named in this Section 11.8 as having given its consent to the inclusion of a statement or being named in this Scheme Booklet:

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than those statements which have been included in this Scheme Booklet with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet, other than a reference to their name and any statements (including any report) which have been included in this Scheme Booklet with the consent of that person.

(a) Independent Expert

BDO has given, and has not withdrawn before the date of this Scheme Booklet, its written consent to:

- be named as the Independent Expert in the form and context in which it is named;
- the inclusion of the Independent Expert's Report as Annexure B; and
- the inclusion in this Scheme Booklet of statements made by BDO or the Independent Expert, or said to be based on the Independent Expert's Report, and to all references to those statements, in the form and context in which they are respectively included.

(b) Investigating Accountant

Deloitte has given, and has not withdrawn before the date of this Scheme Booklet, its written consent to:

- be named as the Investigating Accountant in the form and context in which it is named;
- the inclusion of the Investigating Accountant's Report as Annexure C; and
- the inclusion in this Scheme Booklet of statements made by Deloitte or the Investigating Accountant, or said to be based on the Investigating Accountant's Report, and to all references to those statements, in the form and context in which they are respectively included.

(c) Perenti

Perenti has given, and has not withdrawn before the date of this Scheme Booklet, its written consent to:

- be named in this Scheme Booklet in the form and context in which it is named; and
- the inclusion in this Scheme Booklet of the Perenti Information in the form and context in which it appears.

(d) Other persons

Clayton Utz has given, and has not withdrawn before the date of this Scheme Booklet, its written consent to be named in this Scheme Booklet as DDH1's legal adviser in the form and context in which it is named.

MA Moelis Australia Advisory Pty Ltd has given, and has not withdrawn before the date of this Scheme Booklet, its written consent to be named in this Scheme Booklet as DDH1's financial adviser in the form and context in which it is named.

Computershare Investor Services Pty Limited has given, and has not withdrawn before the date of this Scheme Booklet, its written consent to be named as the Share Registry in the form and context in which it is named.

DDH1 Shareholders Oaktree (and Associates), Matthew Izett (and Associates), Richard Bennett (and Associates), and Kent Swick (and Associates) have each given, and have not withdrawn before the date of this Scheme Booklet, written consent to be named in this Scheme Booklet in the form and context in which it is named.

11.9 LITIGATION

As at the date of this Scheme Booklet, DDH1 is not aware of any material contractual disputes or litigation matters in respect of DDH1, including with its customers or other third parties.

11.10 NO UNACCEPTABLE CIRCUMSTANCES

The DDH1 Directors believe that the Scheme does not involve any circumstances in relation to the affairs of DDH1 that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

11.11 OTHER INFORMATION MATERIAL TO THE MAKING OF A DECISION IN RELATION TO THE SCHEME

Other than as disclosed in this Scheme Booklet, there is no other information material to the making of a decision by a DDH1 Shareholder on whether or not to vote in favour of the Scheme Resolution, being information that is within the knowledge of any DDH1 Director, or any director of any Related Body Corporate of DDH1, which has not previously been disclosed to DDH1 Shareholders.

11.12 SUPPLEMENTARY INFORMATION

DDH1 will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date:

- a material statement in this Scheme Booklet is false or misleading;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; and/or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, DDH1 may circulate and publish any supplementary document including by:

- approaching the Court for a direction as to what is appropriate in the circumstances;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document on DDH1's website and the ASX; and/or
- making a public announcement by way of press release.

ASIC will be provided with an opportunity to review and comment on any supplementary documents prior to their issue by DDH1.

12. GLOSSARY

In this Scheme Booklet:

Aggregate Maximum Cash Elections or **AMCE** means the aggregate of the Full Cash Consideration payable under the Scheme (before the operation of the Scaleback Arrangements) to Scheme Shareholders who validly make a Maximum Cash Election.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 12 of the Corporations Act.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it known as the Australian Securities Exchange.

ASX Operating Rules means the market operating rules of ASX as amended, varied or waived from time to time.

ATO means the Australian Taxation Office.

Australian Accounting Standards or **AAS** means the standards that are issued by the Australian Accounting Standards Board ("AASB"). Compliance with Australian Accounting Standards ensures that it complies with the International Financial Reporting Standards.

AASB means the Australian Accounting Standards Board.

Australian Holders has the meaning given in clause 10.

Australian Tax Act has the meaning given in clause 10.

Available Cash Consideration or **ACC** means the Cash Consideration Pool minus the aggregate cash consideration payable under the Scheme to all Scheme Shareholders who make a Standard Consideration Election.

Business Day means a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Perth, Western Australia, Australia.

Call Option Deed has the meaning given in clause 5.18.

Cash Consideration Pool means $50,010,901.67.

CGT has the meaning given in clause 10.2.

CGT Event has the meaning given in clause 10.2.

CHESS means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited ACN 008 504 532.

Combined Group means the corporate group comprising the Perenti Group, including the DDH1 Group, if the Scheme is implemented.

Competing Proposal has the meaning given in the Scheme Implementation Agreement.

Conditions means the conditions precedent set out in clause 3.1 of the Scheme Implementation Agreement (a copy of which is available for download from http://www.investorvote.com.au (Control Number: 182792)) and clause 2.1 of the Scheme in Annexure A.

Confidentiality Deed has the meaning given in the Scheme Implementation Agreement.

Consideration Election has the meaning given in the Scheme Implementation Agreement.

Consideration Election Form means the consideration election form accompanying this Scheme Booklet by which a Consideration Election may be made.

Consideration VWAP or **CVWAP** means the volume-weighted average price of Perenti Shares traded on the ASX over the five trading day period that ends two Business Days prior to the Election Date, excluding any 'Crossing' transacted outside of the 'Open Session State' or any 'Special Crossing' transacted at any time, each as defined in the ASX Operating Rules.

Corporations Act means the Corporations Act 2001 (Cth).

Corporations Regulations means the Corporations Regulations 2001 (Cth).

Court means the Federal Court or such other court of competent jurisdiction as DDH1 and Perenti agree in writing.

DDH1 means DDH1 Limited ACN 636 677 088.

DDH1 Actual Dividend, or **DAD** means the amount per DDH1 Share of any dividend declared, or determined to be paid (and not rescinded), after the date of this agreement where that dividend has a record date prior to the Implementation Date.

DDH1 Board means the board of directors of DDH1.

DDH1 Director means each director of DDH1.

DDH1 Employee Share means a DDH1 Share that is issued under and in accordance with the DDH1 Employee Share Plan.

DDH1 Employee Share Plan means the incentive scheme established by the employee share plan rules as approved by the DDH1 Board and effective on 10 February 2021 and subsequently amended on 30 June 2022.

DDH1 Group means DDH1 and each of its Related Bodies Corporate.

DDH1 Information means all information contained in this Scheme Booklet, other than the Perenti Information, the Independent Expert's Report and the Investigating Accountant's Report.

12. GLOSSARY
CONTINUED

DDH1 Loan Share has the meaning given to the term in the Scheme Implementation Agreement.

DDH1 Loan Share Deed has the meaning given to the term in the Scheme Implementation Agreement.

DDH1 Long Term Incentive Plan means the incentive scheme established by the long term incentive plan rules as approved by the DDH1 Board and effective on 10 February 2021 and subsequently amended on 30 June 2022.

DDH1 Material Adverse Change has the meaning given to the term in the Scheme Implementation Agreement.

DDH1 Performance Right means any performance rights in respect of DDH1 Shares granted or issued pursuant to the DDH1 Long Term Incentive Plan.

DDH1 Permitted Dividend means a fully franked dividend per DDH1 Share not exceeding $15 million in aggregate, declared and/or paid by DDH1 in the ordinary course in respect of the period ending 30 June 2023, provided that the declaration and payment of such dividend complies with the requirements of the Scheme Implementation Agreement.

DDH1 Prescribed Occurrence has the meaning given to the term in the Scheme Implementation Agreement.

DDH1 Share means a fully paid ordinary share in the capital of DDH1.

DDH1 Share Register the register of members of DDH1 maintained by or on behalf of DDH1 in accordance with section 168(1) of the Corporations Act.

DDH1 Shareholder means a person who is registered in the DDH1 Share Register as a holder of one or more DDH1 Shares.

DDH1 Warranties has the meaning given to the term in the Scheme Implementation Agreement.

Deed Poll means the deed poll executed by Perenti in favour of the Scheme Shareholders, a copy of which is available for download from http://www.investorvote.com.au (Control Number: 182792).

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Election means a Consideration Election or an Unmarketable Parcel Rollover Election and Elect has a corresponding meaning.

Election Date means the last date for receipt of an Election Form in order to make an Election in accordance with the terms of the Scheme, being 7.00pm (Sydney time) on the fourth Business Day before the cut-off date for the lodgement of proxies at the Scheme Meeting, or such other date and time as Perenti and DDH1 agree in writing.

Consideration Election Withdrawal / Amendment Form means the form by which a Consideration Election may be validly withdrawn and amended.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest, or any agreement to create any of them or allow them to exist.

End Date means the date that is eight (8) months after the date of the Scheme Implementation Agreement or such other date agreed in writing between DDH1 and Perenti.

Exclusivity Period means the period commencing on 25 June 2023 and ending on the earliest of the End Date, the date the Scheme Implementation Agreement is terminated in accordance with its terms and the Implementation Date.

First Court Hearing means the hearing of the application made to the Court for an order pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting.

Full Cash Consideration or **FCC** has the meaning given in the Scheme Implementation Agreement.

Full Scrip Consideration has the meaning given in the Scheme Implementation Agreement.

GST means Australian Goods and Services Tax.

Headcount Test has the meaning given in clause 8.1(a), being the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme Meeting is passed by a majority in number of the DDH1 Shareholders present and voting, either in person or by proxy.

Implementation Date means the date that is 5 Business Days after the Record Date or such other date as DDH1 and Perenti agree in writing or as ordered by the Court.

Independent Board Committee means DDH1's Independent Board Committee, comprised of:

- Independent Non-Executive Director and Chairperson, Diane Smith-Gander;
- Independent Non-Executive Director, Alan Broome;
- Independent Non-Executive Director, Andrea Sutton; and
- Managing Director and CEO, Sy Van Dyk.

Independent Expert or **BDO** means BDO Corporate Finance (WA) Pty Ltd.

Independent Expert's Report means the report from the Independent Expert in respect of the Scheme, as set out in Annexure B, including any update or supplementary report.

Ineligible Overseas Shareholder means a Scheme Shareholder whose address shown in the DDH1 Share Register on the Record Date is a place outside Australia and its external territories and New Zealand, unless Perenti determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New Perenti Shares when the Scheme becomes Effective.

Investigating Accountant or **Deloitte** means Deloitte Perth.

Investigating Accountant's Report means the report from the Investigating Accountant in respect of the Scheme, as set out in Annexure C, including any update or supplementary report.

Last Practicable Date means 14 August 2023, being the last practicable trading day prior to the date of this Scheme Booklet.

Limited Recourse Loan Agreement has the meaning given in the Scheme Implementation Agreement.

Listing Rules means the official listing rules of ASX.

Material Change of Control Contract has the meaning given in the Scheme Implementation Agreement.

Material Change of Control Contracts Condition has the meaning given in Section 8.2(f).

Material Contract has the meaning given in the Scheme Implementation Agreement.

Maximum Cash Consideration has the meaning given in the Scheme Implementation Agreement.

Maximum Cash Election has the meaning given in the Scheme Implementation Agreement.

Maximum Scrip Consideration has the meaning given in the Scheme Implementation Agreement.

Maximum Scrip Election has the meaning given in the Scheme Implementation Agreement.

New Perenti Shares means fully paid ordinary shares in Perenti to be provided to Scheme Shareholders under the Scheme.

Non-Australian Holders has the meaning given in clause 10.

Non-Rollover Unmarketable Parcel Shareholder means an Unmarketable Parcel Shareholder that has not made a valid Unmarketable Parcel Rollover Election by the Election Date.

Notice of Scheme Meeting means the notice of meeting relating to the Scheme Meeting, which is contained in Annexure D.

Oaktree means DDH1 Holdings Singapore Pte Ltd (UEN 201821971R).

Perenti means Perenti Limited ACN 009 211 474.

Perenti Actual Dividend means the amount per Perenti Share of any dividend declared, or determined to be paid (and not rescinded), after the date of this agreement with a record date before the Implementation Date; and

(a) **PAD_1** means any Perenti Actual Dividend paid before the 5 trading day period referred to in the definition of Consideration VWAP; and

(b) **PAD_2** means any Perenti Actual Dividend paid after the 5 trading day period referred to in the definition of Consideration VWAP.

Perenti Board means the board of directors of Perenti.

Perenti Constitution means the constitution of Perenti.

Perenti Counter Proposal has the meaning given in clause 1.15.

Perenti Group means Perenti and each of its Related Bodies Corporate.

Perenti Directors means the directors of Perenti.

Perenti Incentive Rights Plan means the incentive scheme established by the "Perenti Limited Incentive Rights Plan Rules" operated by Perenti.

Perenti Information means the information contained in Section 5 (Information on Perenti), Section 6 (Overview of the Combined Group) and Section 7.2 (Risks that relate to the Combined Group) of this Scheme Booklet (other than information relating to DDH1 that was provided by or on behalf of DDH1, which is contained in or used in the preparation of this information).

Perenti Material Adverse Change has the meaning given to the term in the Scheme Implementation Agreement.

Perenti Performance Rights means performance rights in respect of Perenti Shares issued pursuant to the Perenti Incentive Rights Plan.

Perenti Permitted Dividend means a fully franked dividend per Perenti Share not exceeding $20 million in aggregate, declared and paid by Perenti in the ordinary course in respect of the period ending 30 June 2023, provided that the declaration and payment of such dividend complies with the requirements of the Scheme Implementation Agreement.

Perenti Prescribed Occurrence has the meaning given to the term in the Scheme Implementation Agreement.

Perenti Retention Rights means the retention rights in respect of Perenti Shares issued pursuant to the Perenti Incentive Rights Plan.

Perenti Rights means Perenti Performance Rights, Perenti STI Rights and Perenti Retention Rights.

Perenti Shareholder means a holder of Perenti Shares.

Perenti Shares means fully paid ordinary shares in the capital of Perenti.

Perenti STI Rights means the short term incentive rights in respect of Perenti Shares issued pursuant to the Perenti Incentive Rights Plan.

Perenti Warranties has the meaning given to the term in the Scheme Implementation Agreement.

Proxy Form means the proxy form for the Scheme Meeting accompanying this Scheme Booklet.

Recommendation means the recommendation by each DDH1 Director that DDH1 Shareholders vote in favour of the resolution to approve the Scheme, which is permitted to be qualified by certain words under the Scheme Implementation Agreement.

Record Date means 7.00pm (Sydney time) on the date that is two Business Days after the Effective Date or such other time and date agreed in writing between DDH1 and Perenti.

Registered Address means, in relation to an DDH1 Shareholder, the address shown in the DDH1 Share Register on the Record Date.

12. GLOSSARY CONTINUED

Regulatory Authority means any foreign or Australian:

(a) government, department, minister or agency of any government and any other governmental, semi-governmental, administrative, fiscal, monetary or judicial body or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government; and

(b) any other authority, agency, commission or similar entity having powers or jurisdiction under any law (including Tax Law) or regulation or the listing rules of any recognised stock or securities exchange.

Related Body Corporate of a corporation means a related body corporate of that corporation within the meaning of section 50 of the Corporations Act.

Relevant Interest has the meaning given to that term in the Corporations Act.

Representative means, in relation to each of DDH1 and Perenti, the directors, officers, employees, professional advisers (including financiers, financial advisers, corporate advisers, legal advisers or technical or other expert advisers or consultants) and agents of each of DDH1 and Perenti or of its Related Bodies Corporate.

Requisite Majorities means approval of the Scheme Resolution by:

(a) unless the Court orders otherwise, a majority in number (more than 50%) of DDH1 Shareholders present and voting at the Scheme Meeting (either in person, by proxy or attorney or in the case of corporate DDH1 Shareholders, by a duly appointed corporate representative); and

(b) at least 75% of the total number of votes cast on the Scheme Resolution by DDH1 Shareholders at the Scheme Meeting.

Restriction Period means the period of restriction applying to any DDH1 Share issued under the DDH1 Employee Share Plan that prevents the disposal of that DDH1 Share.

roll-over has the meaning given in clause 10.2.

Scaleback Arrangements has the meaning given in the Scheme Implementation Agreement.

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between DDH1 and the Scheme Shareholders in the form set out in Annexure A, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act as are acceptable to DDH1 and Perenti.

Scheme Booklet means this scheme booklet, including the Annexures.

Scheme Consideration means the consideration which a Scheme Shareholder is entitled to receive under the Scheme, as described in the Scheme Implementation Agreement.

Scheme Implementation Agreement means the Scheme Implementation Agreement dated 25 June 2023 between DDH1 and Perenti, (a copy of which is available for download from http://www.investorvote.com.au (Control Number: 182792)), as varied by deeds of variation dated 30 July 2023 and 15 August 2023.

Scheme Meeting means the meeting of DDH1 Shareholders to be convened pursuant to section 411(1) of the Corporations Act to consider and, if thought fit, approve the Scheme.

Scheme Resolution means the resolution to be put to DDH1 Shareholders at the Scheme Meeting to approve the Scheme.

Scheme Share means a DDH1 Share on issue as at the Record Date, other than any DDH1 Shares held by Perenti as at the Record Date.

Scheme Shareholder means each person registered in the DDH1 Share Register as the holder of one or more Scheme Shares as at the Record Date.

Second Court Date means the first day of the hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Second Court Hearing means the hearing of the application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme.

Section means a section of this Scheme Booklet.

Security Interest means a security as defined in section 12 of the Personal Properties Securities Act 2009 (Cth).

Share Registry or **Computershare** means Computershare Investor Services Pty Limited ACN 078 279 277.

Standard Cash Component means $0.1238 in cash for each Scheme Share.

Standard Consideration means, for each Scheme Share, both the Standard Cash Component and the Standard Scrip Component.

Standard Consideration Election has the meaning given in the Scheme Implementation Agreement.

Standard Scrip Component means for each Scheme Share the number of New Perenti Shares calculated in accordance with the following formula:

$$\frac{0.7111 \times (VWAP + PAD_1) - DAD}{VWAP - PAD_2}$$

Subsidiary has the meaning given to that term in the Corporations Act.

Superior Proposal has the meaning given in the Scheme Implementation Agreement.

Tax means any tax, levy, excise, duty, charge, surcharge, contribution, withholding tax, impost or withholding obligation of whatever nature, whether direct or indirect, by whatever method collected or recovered, together with any fees, penalties, fines, interest or statutory charges in any country or jurisdiction.

Tax Law means any law relating to Tax.

Third Party means a person other than Perenti, DDH1, the Perenti Group or the DDH1 Group.

Transaction means the acquisition by Perenti of the Scheme Shares for the Scheme Consideration pursuant to the Scheme.

UMP Election Form means the election form accompanying this Scheme Booklet by which an Unmarketable Parcel Rollover Election may be made by Unmarketable Parcel Shareholders.

UMP Election Withdrawal Form means the form by which an Unmarketable Parcel Rollover Election may be validly withdrawn.

Unmarketable Parcel Shareholder means a Scheme Shareholder (other than an Ineligible Overseas Shareholder) who, based on their holding of Scheme Shares on the Record Date, their Consideration Election and the operation of the Scaleback Arrangements (if applicable), would, on Implementation, be entitled to receive less than a Marketable Parcel of Perenti Shares under the Scheme (assessed by reference to the price of Perenti Shares on ASX at the close of trade on the trading day prior to the Record Date).

Unmarketable Parcel Rollover Election has the meaning given to the term in the Scheme Implementation Agreement.

Voting Intention means the statement by each DDH1 Director that he or she intends to cause any DDH1 Shares in which he or she has a Relevant Interest to be voted in favour of the resolution to approve the Scheme.

VWAP means the volume-weighted price, calculated by totalling the dollars traded for every transaction (price multiplied by the volume), and then dividing by the total shares traded, over a specified period.

ANNEXURES

Confidential

CLAYTON UTZ

Scheme of Arrangement

Pursuant to section 411 of the Corporations Act

DDH1 Limited
DDH1

Each person registered in the DDH1 Share Register as a holder of Scheme Shares as at the Record Date

Clayton Utz
Level 27 QV.1
250 St Georges Terrace
Perth WA 6000
GPO Box 9806
Perth WA 6848
Tel   +61 8 9426 8000
Fax   +61 8 9481 3095
www.claytonutz.com

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CLAYTON UTZ

Contents

CLAYTON UTZ

Scheme of arrangement made under section 411 of the Corporations Act 2001 (Cth)

Date

Parties **DDH1 Limited ACN 636 677 088** of 21 Baile Road, Canning Vale WA 6155 (**DDH1**)

Each person registered in the DDH1 Share Register as a holder of Scheme Shares as at the Record Date

Background

A. DDH1 and Perenti have entered into the Implementation Agreement, pursuant to which, amongst other things, DDH1 has agreed to propose this Scheme, and each of DDH1 and Perenti has agreed to take certain steps to give effect to this Scheme.

B. If this Scheme becomes Effective, Perenti will acquire all of the Scheme Shares and DDH1 will enter Perenti in the DDH1 Share Register as the holder of the Scheme Shares.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this Scheme, unless the contrary intention appears or the context requires otherwise:

Aggregate Maximum Cash Elections means the aggregate of the Full Cash Consideration payable under the Scheme (before the operation of the Scaleback Arrangements) to Scheme Shareholders who validly make a Maximum Cash Election.

Available Cash Consideration means the Cash Consideration Pool minus the aggregate cash consideration payable under the Scheme to all Scheme Shareholders who make a Standard Consideration Election.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it known as the Australian Securities Exchange.

Business Day means a business day as defined in the Listing Rules, provided that such day is not a Saturday, Sunday or public holiday or a day on which banks are not open for business generally in Perth, Western Australia.

CHESS means the clearing house electronic sub-register system for the electronic transfer of securities operated by ASX Settlements Pty Limited ABN 49 008 504 532.

Cash Consideration Pool means $50,010,901.67.

CGT Withholding Amount means the amount that Perenti is required to pay to the Commissioner of Taxation under Subdivision 14-D of Schedule 1 of the TAA in respect of the acquisition of DDH1 Shares from a DDH1 Shareholder.

Condition means each condition to this Scheme set out in clause 2.1.

Consideration Election has the meaning given in clause 4.3(a)(ii) and includes a deemed Standard Consideration Election under clause 4.3(f).

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Federal Court or such other court of competent jurisdiction as DDH1 and Perenti agree in writing.

DDH1 Actual Dividend, or **DAD** means the amount per DDH1 Share of any dividend declared, or determined to be paid (and not rescinded), after the date of this agreement where that dividend has a record date prior to the Implementation Date.

DDH1 Share Register means the register of members of DDH1 maintained by or on behalf of DDH1 in accordance with section 168(1) of the Corporations Act.

DDH1 Share Registry means Computershare Investor Services Pty Ltd ACN 078 279 277.

DDH1 Shareholder means a person who is registered in the DDH1 Share Register as a holder of DDH1 Shares.

DDH1 Shares means fully paid ordinary shares in the capital of DDH1.

Deed Poll means the deed poll dated [insert] executed by Perenti in favour of the Scheme Shareholders (subject to any amendments permitted by its terms).

Delivery Time means 8:00 am on the Second Court Date.

Effective means, when used in relation to this Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

Effective Date means the date on which this Scheme becomes Effective.

Election means a Consideration Election or an Unmarketable Parcel Rollover Election and **Elect** has a corresponding meaning.

Election Date means the last date for receipt of an Election Form in order to make an Election in accordance with the terms of the Scheme, being 7pm (Sydney time) on the fourth Business Day before the cut-off date for the lodgement of proxies at the Scheme Meeting, or such other date and time as Perenti and DDH1 agree in writing.

Election Form means the election form(s) contemplated by clause 4.3.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest, or any agreement to create any of them or allow them to exist.

End Date means the date that is 8 months after the date of the Implementation Agreement or such other date agreed in writing between DDH1 and Perenti.

Full Cash Consideration means, for each Scheme Share, a cash amount calculated in accordance with the following formula:

$$Standard\ Cash\ Component + Standard\ Scrip\ Component \times (VWAP - PAD_2)$$

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Full Scrip Consideration means, for each Scheme Share, the number of New Perenti Shares calculated in accordance with the following formula:

$$\frac{Full\ Cash\ Consideration}{VWAP - PAD_2}$$

Implementation Agreement means the Scheme Implementation Agreement dated [insert] between DDH1 and Perenti under which, amongst other things, DDH1 has agreed to propose this Scheme, and each of DDH1 and Perenti has agreed to take certain steps to give effect to this Scheme.

Implementation Date means the date that is 5 Business Days after the Record Date or such other date as DDH1 and Perenti agree in writing or as ordered by the Court.

Ineligible Overseas Shareholder means a Scheme Shareholder whose address shown in the DDH1 Share Register on the Record Date is a place outside Australia and its external territories and New Zealand, unless Perenti determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New Perenti Shares when the Scheme becomes Effective.

Ineligible Shareholder Sale Facility means the facility to be conducted in accordance with clause 4.14.

Listing Rules means the official listing rules of ASX.

Marketable Parcel means a parcel of shares that are worth not less than $500 in accordance with the ASX Operating Rules Procedures.

Maximum Cash Consideration means the Scheme Consideration calculated in accordance with clause 4.5.

Maximum Cash Election has the meaning given in clause 4.3(a)(ii)C.

Maximum Scrip Consideration means the Scheme Consideration calculated in accordance with clause 4.6.

Maximum Scrip Election has the meaning given in clause 4.3(a)(ii)B.

New Perenti Shares means fully paid ordinary shares in Perenti to be provided to Scheme Shareholders under the Scheme.

Non-Rollover Unmarketable Parcel Shareholder means an Unmarketable Parcel Shareholder that has not made a valid Unmarketable Parcel Rollover Election by the Election Date.

Perenti means Perenti Limited ACN 009 211 474.

Perenti Actual Dividend means the amount per Perenti Share of any dividend declared, or determined to be paid (and not rescinded), after the date of this agreement with a record date before the Implementation Date; and

(a) **PAD_1** means any Perenti Actual Dividend paid before the 5 trading day period referred to in the definition of VWAP; and

(b) **PAD_2** means any Perenti Actual Dividend paid after the 5 trading day period referred to in the definition of VWAP.

Perenti Shares means fully paid ordinary shares in the capital of Perenti.

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Perenti Share Register means the register of members of Perenti maintained by or on behalf of Perenti in accordance with section 168(1) of the Corporations Act.

Perenti Share Registry means Link Market Services Limited ACN 083 214 537.

Record Date means 5:00 pm on the date that is 2 Business Days after the Effective Date or such other time and date agreed in writing between DDH1 and Perenti.

Registered Address means in relation to a DDH1 Shareholder, the address shown in the DDH1 Share Register.

Regulatory Authority means:

(a) any government or local authority, and any other governmental, semi-governmental, administrative, fiscal, monetary or judicial body, and any department, minister, representative or agency of any of the foregoing; and

(b) any other authority, agency, commission or similar entity having powers or jurisdiction under any law or regulation or the listing rules of any recognised stock or securities exchange.

Related Body Corporate has the meaning given to that term in section 50 of the Corporations Act.

Relevant Scheme Shareholder means a Scheme Shareholder that is not an Ineligible Overseas Shareholder.

Scaleback Arrangements means the scaleback arrangements described in clauses 4.5(b) and 4.6(b).

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between DDH1 and the Scheme Shareholders as set out in this document, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and agreed to by DDH1 and Perenti.

Scheme Booklet means the scheme booklet published by DDH1 and dated [insert].

Scheme Consideration means the consideration to be provided to Scheme Shareholders for the transfer to Perenti of their Scheme Shares comprising one of the Standard Consideration, Maximum Scrip Consideration or Maximum Cash Consideration, subject to the terms of this Scheme.

Scheme Meeting means the meeting of DDH1 Shareholders to be convened pursuant to section 411(1) of the Corporations Act to consider and, if thought fit, to approve the Scheme.

Scheme Share means a DDH1 Share on issue as at the Record Date, other than any DDH1 Shares held by Perenti or a Related Body Corporate of Perenti as at the Record Date.

Scheme Shareholder means each person registered in the DDH1 Share Register as a holder of Scheme Shares as at the Record Date.

Scheme Transfer means one or more proper instruments of transfer in respect of this Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be or include a master transfer of all or part of the Scheme Shares.

Second Court Date means the first day of the hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving this Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

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Security Interest has the meaning given in section 12 of the Personal Properties Securities Act 2009 (Cth).

Standard Consideration means, for each Scheme Share, both:

(a) $0.1238 in cash (the **Standard Cash Component**); and

(b) the number of New Perenti Shares calculated in accordance with the following formula (the **Standard Scrip Component**):

$$\frac{0.7111 \times (VWAP + PAD_1) - DAD}{VWAP - PAD_2}$$

Standard Consideration Election has the meaning given in clause 4.3(a)(ii)A.

Subsidiary has the meaning given to it in the Corporations Act.

TAA means the Taxation Administration Act 1953 (Cth).

Unmarketable Parcel Shareholder means a Scheme Shareholder (other than an Ineligible Overseas Shareholder) who, based on their holding of Scheme Shares on the Record Date, their Consideration Election and the operation of the Scaleback Arrangements (if applicable), would, on Implementation, be entitled to receive less than a Marketable Parcel of Perenti Shares under the Scheme (assessed by reference to the price of Perenti Shares on ASX at the close of trade on the trading day prior to the Record Date).

Unmarketable Parcel Rollover Election has the meaning given in clause 4.3(a)(i).

VWAP means the volume-weighted average price of Perenti Shares traded on the ASX over the five trading day period that ends two Business Days prior to the Election Date, excluding any 'Crossing' transacted outside of the 'Open Session State' or any 'Special Crossing' transacted at any time, each as defined in the ASX Operating Rules.

1.2 Interpretation

In this Scheme headings and labels used for definitions are for convenience only and do not affect interpretation and, unless the contrary intention appears:

(a) a word importing the singular includes the plural and vice versa, and a word of any gender includes the corresponding words of any other gender;

(b) the word **including** or any other form of that word is not a word of limitation;

(c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;

(d) a reference to a **person** includes an individual, the estate of an individual, a corporation, an authority, a Regulatory Authority, an association or parties in a joint venture, a partnership and a trust;

(e) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;

(f) references to paragraphs or clauses are to a paragraph or clause of this Scheme;

(g) a reference to a document (including this Scheme) is to that document as varied, novated, ratified or replaced from time to time;

(h) a reference to an agency or body if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed (**obsolete body**), means the agency or body which performs most closely the functions of the obsolete body;

(i) a reference to a statute includes any regulations or other instruments made under it (**delegated legislation**) and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;

(j) if a word or phrase is not given a defined meaning in clause 1.1 but is defined in or for the purposes of the Corporations Act, it has the same meaning when used in this Scheme;

(k) a reference to a date or time is to that date or time in Perth, Australia; and

(l) this Scheme or any clause in this Scheme must not be construed adversely to a party just because that party prepared it or caused it to be prepared.

1.3 Business Day

Except where otherwise expressly provided, where under this Scheme the day on which or by which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing shall be done on the immediately preceding Business Day.

2. Conditions precedent

2.1 Conditions

This Scheme is conditional on the satisfaction of each of the following conditions, and will have no force or effect until each of the following conditions is satisfied:

(a) as at the Delivery Time, each of the conditions set out in clause 3.1 of the Implementation Agreement (other than the condition relating to the approval of the Court set out in clause 3.1(b) of the Implementation Agreement) has been satisfied or waived in accordance with the terms of the Implementation Agreement;

(b) as at the Record Date, no DDH1 Performance Rights are on issue and the DDH1 Shares required to be issued pursuant to clause 9.1(a) of the Implementation Agreement have been issued;

(c) as at the Delivery Time, neither the Implementation Agreement nor the Deed Poll has been terminated;

(d) the Court approves this Scheme under section 411(4)(b) of the Corporations Act including any alterations made or required by the Court under section 411(6) of the Corporations Act as are agreed to in writing by DDH1 and Perenti;

(e) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme as are acceptable to DDH1 and Perenti (each acting reasonably) have been satisfied or waived; and

(f) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

2.2 Certificates in relation to Conditions

(a) On the Second Court Date:

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(i) DDH1 must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not the Conditions set out in clauses 2.1(a) and 2.1(c) have been satisfied or waived and that DDH1 has fully performed its obligations under clause 9.1(a) of the Implementation Agreement (so far as they fall to be performed before the Delivery Time); and

(ii) Perenti must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not the Conditions set out in clauses 2.1(a) and 2.1(c) have been satisfied or waived.

(b) Where the certificates disclose that any of those Conditions set out in clauses 2.1(a) and 2.1(c) have been satisfied or waived in accordance with the terms of the Implementation Agreement, they will constitute conclusive evidence (in the absence of manifest error) of the matters the subject of the certificates.

2.3 Termination of Implementation Agreement

Without limiting any rights under the Implementation Agreement, in the event that the Implementation Agreement is terminated in accordance with its terms before the Delivery Time, DDH1 and Perenti are each released from:

(a) any further obligation to take steps to implement this Scheme; and

(b) any liability with respect to this Scheme.

3. Scheme

3.1 Effective Date of this Scheme

Subject to clause 3.2, this Scheme will take effect on and from the Effective Date.

3.2 End Date

This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date, or such later date as DDH1 and Perenti agree in writing.

4. Implementation of Scheme

4.1 Lodgement of Court Orders with ASIC

If the Conditions (other than the Condition set out in clause 2.1(f)) are satisfied, DDH1 must promptly lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme, and in any event by no later than 5:00 pm on the Business Day following the date on which the Court approves this Scheme or such other Business Day as DDH1 and Perenti agree in writing.

4.2 Transfer of Scheme Shares

On the Implementation Date:

(a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 4, all of the Scheme Shares will, together with all rights and entitlements attaching to the Scheme Shares, be transferred to Perenti without the need for any further act by any Scheme Shareholder (other than acts performed by DDH1 or its directors as attorney or agent for the Scheme Shareholders under this Scheme) by:

(i) DDH1 delivering to Perenti a completed Scheme Transfer duly executed on behalf of the Scheme Shareholders in accordance with clause 7.1 of this Scheme; and

(ii) Perenti delivering to DDH1 a completed Scheme Transfer, duly executed by Perenti, and attending to the stamping of the Scheme Transfer (if required); and

(b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a), but subject to the stamping of the Scheme Transfer (if required), DDH1 must enter, or procure the entry of, the name and address of Perenti in the DDH1 Share Register as the holder of all of the Scheme Shares.

4.3 Election

(a) Subject to the terms of the Scheme, by completing an Election Form by the Election Date:

(i) an Unmarketable Parcel Shareholders may make an election (**Unmarketable Parcel Rollover Election**) not to have the scrip component of their Scheme Consideration sold under the Ineligible Shareholder Sale Facility; and

(ii) a Relevant Scheme Shareholder may make an election to receive, for all of their Scheme Shares, one of the following:

A. the Standard Consideration (being, along with a deemed election under clause 4.3(f), a **Standard Consideration Election**);

B. the Maximum Scrip Consideration (**Maximum Scrip Election**); or

C. the Maximum Cash Consideration (**Maximum Cash Election**),

(each a **Consideration Election**)

(b) Subject to clause 4.3(e), a Relevant Scheme Shareholder may make only one Consideration Election, and an Unmarketable Parcel Shareholder may make only one Unmarketable Parcel Rollover Election, in relation to a particular holding.

(c) An Election may be made by a Scheme Shareholder, as applicable, by:

A. completing the Election Form in accordance with the instructions specified on the Election Form or set out in the Scheme Booklet; and

B. returning the completed Election Form in accordance with the instructions on it so that it is received by DDH1 no later than the Election Date,

or by taking equivalent actions in electronic form if permitted by DDH1's constitution and the Court.

(d) Once made:

(i) a Consideration Election may be varied before the Election Date by making a new Consideration Election; and

(ii) an Unmarketable Parcel Rollover Election may be rescinded at any time before the Election Date.

(e) A Scheme Shareholder that holds one or more parcels of DDH1 Shares as trustee or nominee for, or otherwise on account of, another person, may, in the manner agreed between DDH1 and Perenti, make separate Elections in relation to each of those parcels of DDH1 Shares (and, for the purpose of calculating the Scheme Consideration to which the Scheme Shareholder is entitled each such parcel of DDH1 Shares will be treated as though it were held by a separate Scheme Shareholder).

(f) If a valid Consideration Election is not made by a Relevant Scheme Shareholder prior to the Election Date, then that Relevant Scheme Shareholder will be deemed to have made a Standard Consideration Election.

(g) A Consideration Election made by a person who is not a Relevant Scheme Shareholder, or an Unmarketable Parcel Rollover Election made by a person who is not an Unmarketable Parcel Shareholder, will be disregarded.

(h) Subject to clause 4.3(e), an election made or deemed to be made by a Scheme Shareholder under this clause 4.3 will be deemed to apply in respect of the Scheme Shareholder's entire registered holding of Scheme Shares at the Record Date, regardless of whether the Scheme Shareholder's holding of Scheme Shares at the Record Date is greater or less than the Scheme Shareholder's holding at the time it made its Election.

(i) Subject to clauses 4.3(j) and 4.3(k), an Election Form will not be valid unless it is completed and received in accordance with the procedures set out in clause 4.3(c).

(j) Perenti will determine, in its sole discretion, all questions as to the correct completion of an Election Form, and time of receipt of an Election Form. Perenti is not required to communicate with any Scheme Shareholder prior to making this determination. The determination of Perenti will be final and binding on the Scheme Shareholder.

(k) Notwithstanding clause 4.3(c), Perenti may, in its sole discretion, at any time and without further communication to Scheme Shareholders, deem any Election Form it receives from a Scheme Shareholder to be a valid Election in respect of the relevant Scheme Shares, even if a requirement for a valid Election has not been complied with.

(l) For the avoidance of doubt, any Scheme Shareholder who is an Ineligible Overseas Shareholder will be deemed to have made a Standard Consideration Election, and will be entitled to receive the Standard Consideration in accordance with the Scheme.

4.4 Standard Consideration

If a Scheme Shareholder makes a valid Standard Consideration Election, the Scheme Shareholder will be entitled to receive the Standard Consideration for each Scheme Share they hold at the Record Date.

4.5 Maximum Cash Consideration

If a Scheme Shareholder has made a Maximum Cash Election before the Election Date, that Scheme Shareholder will be entitled to receive for the Scheme Shares they hold at the Record Date:

(a) if the Available Cash Consideration is greater than or equal to the Aggregate Maximum Cash Elections – the Full Cash Consideration for all their Scheme Shares; or

(b) if the Available Cash Consideration is less than the Aggregate Maximum Cash Elections – :

(ii) the Full Cash Consideration for that proportion of their Scheme Shares as is calculated in accordance with the following formula (the resulting number of Scheme Shares being rounded down to the nearest whole number):

$$\frac{ACC}{AMCE}$$

Where:

ACC = Available Cash Consideration

AMCE = Aggregate Maximum Cash Elections; and

(iii) the Full Scrip Consideration for the remainder of their Scheme Shares.

4.6 Maximum Scrip Consideration

If a Scheme Shareholder has made a Maximum Scrip Election before the Election Date, that Scheme Shareholder will be entitled to receive for the Scheme Shares they hold at the Record Date:

(a) if the Available Cash Consideration is less than or equal to the Aggregate Maximum Cash Elections – the Full Scrip Consideration for all their Scheme Shares;

(b) if the Available Cash Consideration is greater than the Aggregate Maximum Cash Elections – :

(i) the Full Cash Consideration for that proportion of their Scheme Shares as is calculated in accordance with the following formula (the resulting number of Scheme Shares being rounded down to the nearest whole number):

$$\frac{ACC - AMCE}{n_{MSE} \times FCC}$$

Where:

ACC = Available Cash Consideration

AMCE = Aggregate Maximum Cash Elections

n_{MSE} = The aggregate number of Scheme Shares held at the Record Date by Scheme Shareholders who have made a valid Maximum Scrip Election

FCC = The Full Cash Consideration per Scheme Share; and

(ii) the Full Scrip Consideration for the remainder of their Scheme Shares.

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4.7 Provision of cash component of Scheme Consideration

(a) Perenti must, by no later than the Business Day before the Implementation Date, deposit in cleared funds an amount equal to the Cash Consideration Pool (or such larger number as is required under the Scheme having regard to clause 4.12) in an Australian dollar denominated trust account operated by DDH1 or the DDH1 Share Registry as trustee of the Scheme Shareholders who are entitled to receive a cash amount as part of the Scheme Consideration, provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Perenti's account.

(b) Subject to Perenti having complied with clause 4.7(a), DDH1 must, on the Implementation Date and from the trust account referred to in clause 4.7(a), pay or procure the payment to each Scheme Shareholder the amount of cash (if any) to which it is entitled to receive under the Scheme.

(c) DDH1's obligation under clause 4.7(b) will be satisfied by DDH1 (in its absolute discretion):

(i) where a Scheme Shareholder has, before the Record Date, made an election in accordance with the requirements of the DDH1 Share Registry to receive dividend payments from DDH1 by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount of Australian currency by electronic means in accordance with that election; or

(ii) otherwise, dispatching, or procuring the dispatch of, a cheque in Australian currency to the Scheme Shareholder by prepaid post to their address shown in the DDH1 Share Register as at the Record Date, such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 4.9), for the relevant amount.

4.8 Provision of scrip component of Scheme Consideration

(a) Perenti must subject to clauses 4.9, 4.12 and 4.14:

(i) on or before the Implementation Date

A. issue to each Relevant Scheme Shareholder such number of New Perenti Shares as that Relevant Scheme Shareholder is entitled to as Scheme Consideration;

B. issue to a nominee appointed by Perenti in accordance with clause 4.14 such number of Perenti Shares as are attributable to the Ineligible Overseas Shareholders or Non-Rollover Unmarketable Parcel Shareholders;

C. procure the entry in the Perenti Share Register:

1) of the name and address of each Relevant Scheme Shareholder in respect of the New Perenti Shares issued to them; and

2) of the name and address of the nominee appointed by Perenti in respect of those New Perenti Shares that would otherwise be issued to each Scheme Shareholder who is an Ineligible Overseas Shareholder or Non-Rollover Unmarketable Parcel Shareholder; and

(ii) within 5 Business Days after the Implementation Date, send or procure the despatch to each Scheme Shareholder whose New Perenti Shares are held on the issuer sponsored subregister of Perenti or the nominee appointed by Perenti (as the case may be) to their address (as recorded in the DDH1 Share Register as at the Record Date, except in the case of the nominee appointed by Perenti) of uncertificated holding statements for New Perenti Shares issued to the Scheme Shareholder or the nominee appointed by Perenti (as the case may be) in accordance with this Scheme.

(b) This clause 4.8 does not apply to a Scheme Shareholder who does not have a Registered Address or where DDH1 and Perenti believe that such Scheme Shareholder (other than Ineligible Overseas Shareholders and Non-Rollover Unmarketable Parcel Shareholders) is not known at their Registered Address.

4.9 Joint holders

In the case of Scheme Shares held in joint names:

(a) any monies required to be paid to the Scheme Shareholders will be payable to the joint holders;

(b) any holding statements for New Perenti Shares to be issued to Scheme Shareholders will be issued in the names of the joint holders; and

(c) any other document required to be sent under this Scheme will be issued in the names of the joint holders,

and will be forwarded to the holder whose name appears first in the DDH1 Share Register as at the Record Date.

4.10 Unclaimed monies

(a) In relation to cheques issued under this clause 4, the issuer may cancel a cheque if the cheque:

(i) is returned; or

(ii) has not been presented for payment within six months after the date on which the cheque was sent.

(b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder (which request may not be made until that date which is 10 Business Days after the Implementation Date), DDH1 or Perenti (as applicable) must reissue a cheque that was previously cancelled under this clause 4.10.

(c) The *Unclaimed Money Act 1990* (WA) will apply in relation to any Scheme Consideration which becomes ‘unclaimed money’ (as defined in section 3 of that Act).

4.11 Orders of a court or Regulatory Authority

If written notice is given to DDH1 (or the DDH1 Share Registry) or Perenti (or the Perenti Share Registry) of an order or direction made by a court of competent jurisdiction or by another Regulatory Authority that:

(a) requires payment (including by the issue of New Perenti Shares) to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which sum would otherwise be payable to that Scheme Shareholder by DDH1 or Perenti

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in accordance with this clause 4, then DDH1 or Perenti (as applicable) will be entitled to make that payment (or procure that it is made) in accordance with that order or direction; or

(b) prevents DDH1 or Perenti from making a payment (including by the issue of New Perenti Shares) to a particular Scheme Shareholder in accordance with this clause 4, or such payment is otherwise prohibited by applicable law, DDH1 or Perenti (as applicable) will be entitled:

(i) in the case of a cash payment, to retain an amount, in Australian dollars, equal to the amount of the relevant payment until such time as payment in accordance with this clause 4 is permitted by that order or direction or otherwise by law; or

(ii) not to issue, or to issue to a trustee or nominee such number of New Perenti Shares as that Scheme Shareholder would otherwise be entitled to receive under this clause 4.

4.12 Fractional entitlements and share splitting or division

(a) If the number of Scheme Shares held by a Scheme Shareholder at the Record Date, having regard to any Consideration Election made by the Scheme Shareholder, is such that the entitlement of the Scheme Shareholder (in aggregate across the entirety of their Scheme Shares) to Scheme Consideration is such that a fractional entitlement to a Perenti Share arises, or an entitlement to a cash amount involving a fraction of a cent arises, then the entitlement of that Scheme Shareholder must be rounded up or down, with any such fractional entitlement of less than half a Perenti Share or half a cent (as the case may be) being rounded down to the nearest whole Perenti Share and any such fractional entitlement of half a Perenti Share or half a cent (as the case may be) or more being rounded up.

(a) If Perenti is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 4.12(a)) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Perenti may give notice to those Scheme Shareholders:

(i) setting out their names and registered addresses as shown in the DDH1 Share Register;

(ii) stating that opinion; and

(iii) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all of the specified Scheme Shares will, for the purposes of the other provisions of the Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the other provisions of the Scheme, be taken to hold no Scheme Shares. Perenti in complying with the other provisions of the Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all of the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme.

4.13 Binding instruction or notifications

Except for a Scheme Shareholder's tax file number, any binding instruction or notification between a Scheme Shareholder and DDH1 relating to Scheme Shares as at the Record Date (including, without limitation, any instructions relating to payment of dividends or to communications from DDH1) will, from the Record Date, be deemed (except to the extent determined otherwise by Perenti in its sole discretion) to be a similarly binding instruction or notification to, and accepted by Perenti, in respect of Perenti Shares issued to the Scheme Shareholder until that instruction or notification is revoked or amended in writing addressed to Perenti at Perenti's share registry, provided that any such instructions or notifications accepted by Perenti will apply to and in respect of the issue of Perenti Shares as the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of this Scheme.

4.14 Ineligible Shareholder Sale Facility

(a) Each Ineligible Overseas Shareholder or Non-Rollover Unmarketable Parcel Shareholder (each, an **Ineligible Shareholder**), authorises Perenti to:

(i) issue to a nominee appointed by Perenti (and approved by ASIC if required) any New Perenti Shares to which an Ineligible Shareholder would otherwise be entitled (**Non-Rollover Perenti Shares**);

(ii) procure that, as soon as reasonably practicable and in any event not more than 30 Business Days after the Implementation Date, the nominee:

A. sells on the financial market conducted by ASX all of the Non-Rollover Perenti Shares issued to the nominee pursuant to clause 4.14(a) in such manner, at such price and on such other terms as the nominee determines in good faith; and

B. remits to Perenti the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges (**Net Proceeds**)).

(iii) promptly after the last sale of the Non-Rollover Perenti Shares issued in accordance with clause 4.14(a)(ii)A, pay to each Ineligible Shareholder an amount equal to the proportion of the net proceeds of sale received by Perenti under clause 4.14(a)(ii)B to which that Ineligible Shareholder is entitled, in full satisfaction of their entitlement to the Non-Rollover Perenti Shares, accordance with the following formula:

$$A = (B \div C) \times D$$

Where:

A is the amount to be paid to the Ineligible Shareholder;

B is the number of Non-Rollover Perenti Shares attributable to, and that would otherwise have been issued to, that Ineligible Shareholder had it not been an Ineligible Shareholder and which are instead issued to the nominee;

C is the total number of Non-Rollover Perenti Shares attributable to and which would otherwise have been issued to, all Ineligible Shareholders collectively and which are instead issued to the nominee; and

D is the Net Proceeds.

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(b) Neither Perenti nor DDH1 gives any assurance as to the price that will be achieved for the sale of New Perenti Shares described in clause 4.14(a)(ii)B. The sale of the New Perenti Shares under this clause 4.14 will be at the risk of the Ineligible Shareholder.

(c) Perenti must appoint the nominee on terms reasonably acceptable to DDH1 (confirmation of such approval not to be unreasonably withheld or delayed) at least five Business Days prior to the Scheme Meeting.

4.15 CGT Withholding Amount

Notwithstanding any other provision of this Scheme, if Perenti determines (acting reasonably) that an amount is required to be withheld under Subdivision 14-D of Schedule 1 of the TAA from the Scheme Consideration payable to a Scheme Shareholder, Perenti:

(a) may determine the CGT Withholding Amount to be paid to the Commissioner of Taxation in respect of the acquisition of the DDH1 Shares from such DDH1 Shareholder;

(b) may deduct a sufficient amount from the Scheme Consideration to ensure that the CGT Withholding Amount is remitted to the Commissioner; and payment of the reduced amount shall be taken to be full payment of the relevant amount for the purposes of this Scheme. If a Scheme Shareholder receives:

(i) cash consideration in relation to some or all of the Scheme Shares held by that Scheme Shareholder, Perenti will withhold and remit the CGT Withholding Amount from the cash consideration payable; or

(ii) New Perenti Shares, and/or Perenti was unable to withhold the CGT Withholding Amount from the cash consideration payable to a Scheme Shareholder, Perenti must notify DDH1 (and the nominee appointed by Perenti under clause 4.14 by 12pm on the third Business Day following the Record Date of the number of New Perenti Shares that Perenti has determined (in its reasonable opinion which, for the avoidance of doubt, includes a sufficient provision for potential share price movement up to the anticipated sale date of the New Perenti Shares by the nominee) should be issued to the nominee, that would otherwise have been directly issued to such Scheme Shareholder to:

A. enable the CGT Withholding Amount (or remaining CGT Withholding Amount where Perenti has withheld some of the cash consideration) to be realised from the sale of the New Perenti Shares and paid to the Commissioner (or reimburse Perenti where Perenti has already paid the CGT Withholding Amount to the Commissioner); and

B. satisfy the fees and any taxes and duty which the nominee may be entitled to be paid or reimbursed for in connection with the sale of those New Perenti Shares,

and Perenti must deal with the number of New Perenti Shares the subject of such notice in the same manner as under clause 4.14, including by remitting to the Scheme Shareholder the net proceeds (if any) of such sale after the uses described in paragraphs (A) and (B) above.

4.16 Status of New Perenti Shares

Perenti covenants in favour of DDH1 (in its own right and on behalf of each Scheme Shareholder) that:

(a) the New Perenti Shares issued as Scheme Consideration will, on their issue, rank equally in all respects with all other Perenti Shares on issue at the Effective Date, and the New Perenti Shares issued as Scheme Consideration will be entitled to participate in and receive any dividends, any distribution of capital and any other entitlements accruing in respect of Perenti Shares after the Implementation Date;

(b) it will use best endeavours to ensure that the New Perenti Shares issued as Scheme Consideration will be listed for quotation on the official list of ASX with effect as soon as reasonably practicable after the Record Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from the Business Day following the Implementation Date, on an ordinary (T+2) settlement basis; and

(c) on issue, each New Perenti Share will be fully paid and, to the extent within the control of Perenti, free from any Encumbrance.

5. Dealings in DDH1 Shares

5.1 Dealings in DDH1 Shares by the Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in DDH1 Shares or other alterations to the DDH1 Share Register will only be recognised by DDH1 provided that:

(a) in the case of dealings of the type to be effected on CHESS, the transferee is registered in the DDH1 Share Register as the holder of the relevant DDH1 Shares by the Record Date; and

(b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Record Date at the place where the DDH1 Share Register is kept,

and DDH1 will not accept for registration, or recognise for any purpose (except a transfer to Perenti pursuant to this Scheme and any subsequent transfer by Perenti or its successors in title), any transmission application or transfer in respect of DDH1 Shares received on or after the Record Date, or received prior to the Record Date but not in registrable or actionable form.

5.2 DDH1 Share Register

DDH1 will, until the Scheme Consideration has been paid or issued and Perenti has been entered in the DDH1 Share Register as the holder of all of the Scheme Shares, maintain the DDH1 Share Register in accordance with the provisions of this clause 5 and the DDH1 Share Register in this form and the terms of this Scheme will solely determine entitlements to the Scheme Consideration.

5.3 Information to be made available to Perenti

(a) DDH1 must procure that as soon as practicable following the Record Date (and in any event, at least three Business Days before the Implementation Date), details of the following matters (in respect of each Scheme Shareholder) are given to Perenti in such form as Perenti may reasonably require:

(i) the names, registered addresses and holdings of DDH1 Shares of every Scheme Shareholder shown in the DDH1 Share Register at the Record Date; and

(ii) (unless otherwise agreed by Perenti) the instructions or notifications deemed by virtue of clause 4.13 to be made by the Scheme Shareholders to Perenti.

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(b) Each Scheme Shareholder agrees that this information may be disclosed to the Perenti Share Registry and Perenti's advisers and other service providers to the extent necessary to effect the Scheme.

5.4 Effect of share certificates and holding statements

As from the Record Date (and other than for Perenti following the Implementation Date), all share certificates and holding statements for the Scheme Shares will cease to have effect as documents of title, and, subject to provision of the Scheme Consideration by Perenti and registration of the transfer to Perenti of the Scheme Shares contemplated by clauses 4.2, each entry on the DDH1 Share Register (other than for Perenti) at that date will cease to have any effect other than as evidence of entitlement to the Scheme Consideration.

5.5 No disposals after Record Date

If this Scheme becomes Effective, a Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Record Date and any attempt to do so will be void and will have no legal effect whatsoever.

6. Suspension and termination of quotation

(a) DDH1 must apply to ASX for suspension of trading of DDH1 Shares on ASX with effect from the close of trading on the Effective Date.

(b) DDH1 must apply to ASX for:

(i) termination of official quotation of DDH1 Shares on ASX; and

(ii) the removal of DDH1 from the official list of ASX,

with effect from the close of business on the Business Day immediately following the Implementation Date.

7. General Scheme provisions

7.1 Appointment of agent and attorney

Each Scheme Shareholder, without the need for any further act, irrevocably appoints DDH1 (and each of its directors and officers, jointly and severally) as its agent and attorney for the purpose of:

(a) executing any document or form or doing any other act necessary to give effect to the terms of this Scheme including, without limitation, the execution of the Scheme Transfer to be delivered under clause 4.2 and the giving of the Scheme Shareholders' consent under clause 7.3; and

(b) enforcing the Deed Poll against Perenti,

and DDH1 accepts such appointment. DDH1, as agent and attorney of each Scheme Shareholder, may sub delegate its functions, authorities or powers under this clause 7.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

7.2 Enforcement of Deed Poll

DDH1 undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Perenti (as applicable on behalf of and as agent and attorney for the Scheme Shareholders).

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7.3 Scheme Shareholders' consent

Each Scheme Shareholder irrevocably:

(a) consents to DDH1 and Perenti doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of this Scheme; and

(b) acknowledges that this Scheme binds DDH1 and all of the Scheme Shareholders (including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against this Scheme).

7.4 Scheme Shareholder's agreements and warranties

Each Scheme Shareholder:

(a) to whom New Perenti Shares are to be issued in accordance with this Scheme irrevocably:

(i) agrees to become a member of Perenti and to have their name entered in the Perenti Share Register; and

(ii) accepts Perenti Shares issued under this Scheme on the terms and conditions of the constitution of Perenti and agrees to be bound by the constitution of Perenti as in force from time to time in respect of Perenti Shares,

without the need for any further act by a Scheme Shareholder;

(b) irrevocably agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares in accordance with this Scheme;

(c) irrevocably agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;

(d) irrevocably agrees to, on the direction of Perenti, destroy any holding statements or share certificates relating to their Scheme Shares; and

(e) is deemed to have warranted to Perenti and, to the extent enforceable, appointed and authorised DDH1 as its agent to warrant to Perenti that:

(i) all its Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to Perenti, be fully paid and free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and from any restrictions on transfer of any kind;

(ii) that it has full power and capacity to sell and to transfer those Scheme Shares together with any rights and entitlements attaching to such shares to Perenti under this Scheme; and

(iii) it has no right (whether conditional or not) to be issued any shares or other securities in DDH1 or any of its Subsidiaries.

7.5 Title to Scheme Shares and transfer free from Encumbrance

(a) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 4, Perenti will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by DDH1 of Perenti in the DDH1 Share Register as the holder of the Scheme Shares.

(b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Perenti, will, at the time of transfer to Perenti, vest in Perenti free from all Encumbrances, interests of third parties of any kind, whether legal or otherwise, and from any restrictions on transfer of any kind.

7.6 Appointment of Perenti as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 4 of this Scheme, on and from the Implementation Date until DDH1 registers Perenti as the holder of all of the Scheme Shares in the DDH1 Share Register, each Scheme Shareholder:

(a) irrevocably appoints Perenti and each of its directors from time to time (jointly and each of them individually) as its sole proxy, and where applicable corporate representative, to attend shareholders' meetings, exercise the votes attaching to Schemes Shares registered in its name and sign any shareholders resolution, and no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 7.6(a));

(b) must take all other actions in the capacity of the registered holder of Scheme Shares as Perenti reasonably directs; and

(c) acknowledges and agrees that in exercising the powers referred to in this clause 7.6, Perenti and any director of Perenti may act in the best interests of Perenti as the intended registered holder of the Scheme Shares.

7.7 Consent to alterations

If the Court proposes to approve this Scheme subject to any alterations or conditions, DDH1 may, by its counsel or solicitors, and with the written consent of Perenti, consent on behalf of all persons concerned, including a Scheme Shareholder, to any modification of or amendment to this Scheme which the Court thinks fit to impose.

7.8 Notices

(a) Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to DDH1, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at DDH1's registered office or at the DDH1 Share Registry as the case may be.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a DDH1 Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

7.9 Inconsistencies

This Scheme binds DDH1 and all DDH1 Shareholders (including Scheme Shareholders who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme), and to the extent of any inconsistency, overrides the DDH1 constitution.

7.10 Further assurance

DDH1 will execute all documents and do all acts and things as may be necessary or expedient for the implementation of, and performance of its obligations under, this Scheme.

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7.11 No liability when acting in good faith

Neither DDH1 nor Perenti, nor any of their respective officers or employees, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

7.12 Stamp duties

Perenti:

(a) must pay or procure the payment of all stamp duties and other duties together with any related fees, fines, penalties, interest or statutory charges, and similar taxes in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and

(b) indemnifies each Scheme Shareholder against any loss or liability suffered or incurred by the Scheme Shareholders arising out of or in connection with any delay or failure to comply with clause 7.12(a).

7.13 Governing law and jurisdiction

(a) This Scheme is governed by the law applying in Western Australia.

(b) Each party irrevocably:

(i) submits to the non-exclusive jurisdiction of the courts of Western Australia, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Scheme; and

(ii) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 7.13(b)(i).

DDH1 LIMITED
Independent Expert's Report

15 August 2023

BDO

Financial Services Guide

15 August 2023

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('**we**' or '**us**' or '**ours**' as appropriate) has been engaged by DDH1 Limited ('**DDH1**' or '**the Company**') to provide an independent expert's report on the proposed merger of DDH1 and Perenti Limited ('**Perenti**'). The merger of DDH1 and Perenti is proposed to be effected via a scheme of arrangement, whereby it is proposed that Perenti will acquire the entire issued capital of DDH1 ('**the Scheme**'). Pursuant to the Scheme, shareholders of DDH1 will receive $0.1238 cash and 0.7111 Perenti shares for each DDH1 share held, unless an election for maximum cash or maximum scrip is made ('**Standard Consideration**') and subject to adjustment as set out in the Scheme Implementation Agreement. You are being provided with a copy of our report because you are a shareholder of DDH1 and this Financial Services Guide ('**FSG**') is included in the event you are also classified under the Corporations Act 2001 ('**the Act**') as a retail client.

Our report and this FSG accompanies the Scheme Booklet required to be provided to you by DDH1 to assist you in deciding on whether or not to approve the Scheme.

Financial Services Guide
This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

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

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

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $150,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in DDH1 or Perenti.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from DDH1 for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

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

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. We are also committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the BDO Complaints Policy available on our website.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
We are a member of the Australian Financial Complaints Authority (AFCA) which is an External Dispute Resolution Scheme. Our AFCA Membership Number is 12561. Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to AFCA using the below contact details:

Mail:	GPO Box 3, Melbourne, VIC 3001
Free call:	1800 931 678
Website:	www.afca.org.au
Email:	info@afca.org.au
Interpreter Service:	131 450

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15 August 2023

The Directors
DDH1 Limited
21 Baile Road
CANNING VALE WA 6155

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 26 June 2023, DDH1 Limited (**'DDH1'** or **'the Company'**) announced it had entered into a binding Scheme Implementation Agreement (**'SIA'**) with Perenti Limited (**'Perenti'**), under which it is proposed that Perenti will acquire the entire issued capital of DDH1 by way of a scheme of arrangement under the Corporations Act 2001 (Cth) (**'the Scheme'**). Under the terms of the Scheme, each DDH1 shareholder will receive $0.1238 cash plus 0.7111 Perenti shares for each DDH1 share held at the Record Date (**'Standard Consideration'**), subject to an adjustment in the event that DDH1 or Perenti pays a dividend for the financial year ended 30 June 2023 (**'FY23 Dividend'**). DDH1 shareholders will also be offered an ability to elect a form of Scheme consideration which best fulfils their investment objectives, by electing a maximum scrip consideration (**'Maximum Scrip Consideration'**) or maximum cash consideration (**'Maximum Cash Consideration'**) alternative to the Standard Consideration, subject to scale back arrangements based on a total available cash pool of approximately $50 million.

DDH1 and Perenti are both public companies, listed on the Australian Securities Exchange (**'ASX'**). Upon implementation of the Scheme, DDH1 will become a wholly-owned subsidiary of Perenti, and shareholders of DDH1 will receive shares in the enlarged group (**'Combined Group'**).

All currencies are quoted in Australian Dollars unless otherwise stated.

2. Summary and Opinion

2.1 Requirement for the report

The directors of DDH1 have requested that BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) prepare an independent expert's report (**'our Report'**) to express an opinion as to whether the Scheme is fair and reasonable and in the best interests of the shareholders of DDH1 (**'Shareholders'**).

Our Report is prepared pursuant to section 411 of the Corporations Act 2001 (**'Corporations Act'** or **'the Act'**) and is to be included in the Scheme Booklet for DDH1 and Perenti, in order to assist the Shareholders in their decision whether to approve the Scheme.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (**'ASIC'**) Regulatory Guides 60 'Schemes of Arrangements' (**'RG 60'**), Regulatory Guide 111 'Content of Expert's Reports' (**'RG 111'**) and Regulatory Guide 112 'Independence of Experts' (**'RG 112'**).

In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this report. We have considered:

- How the value of a DDH1 share prior to the Scheme (on a control basis) compares to the value of the Standard Consideration, being $0.1238 cash plus 0.7111 shares in Perenti (on a minority interest basis) following the Scheme;
- The likelihood of an alternative offer being made to DDH1;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Scheme; and
- The position of Shareholders should the Scheme not proceed.

2.3 Opinion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior proposal, the Scheme is fair and reasonable to Shareholders. Therefore, we consider the Scheme to be in the best interests of Shareholders.

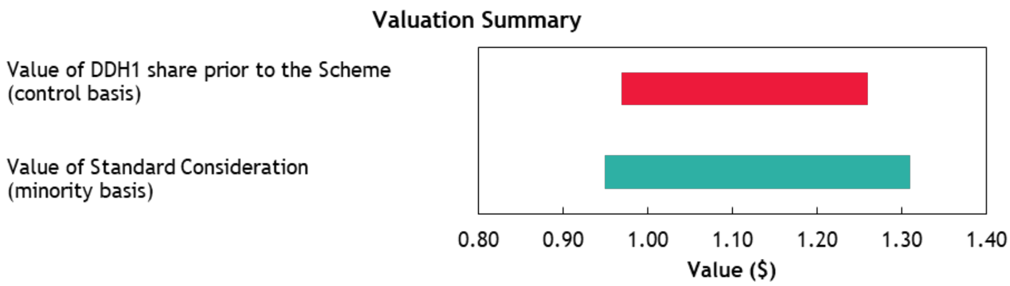
2.4 Fairness

In section 13 we determined that the Standard Consideration compares to the value of a DDH1 share prior to the Scheme (on a control basis), as detailed below.

	Ref	Low $	High $
Value of a DDH1 share prior to the Scheme (control basis)	**11.3**	**0.97**	**1.26**
Value of Standard Consideration			
Value of Cash Consideration	4	0.1238	0.1238
Value of 0.7111 shares in the Combined Group (minority basis)	12.4	0.8249	1.1875
Total value of Standard Consideration (rounded)	**13**	**0.95**	**1.31**

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, and a superior proposal, the Scheme is fair for Shareholders. We consider the Scheme to be fair for Shareholders because the range of values of the Standard Consideration overlaps with the value of a DDH1 share prior to the Scheme. We note that at the low end of our assessed valuation ranges, the value of the Standard Consideration is lower than the value of a DDH1 share prior to the Scheme on a control basis. However, given that there is significant overlap in the value of a DDH1 share prior to the Scheme and the value of the Standard Consideration, we consider the Scheme to be fair for Shareholders. We also note that the upside in the high value of the Standard Consideration, relative to the value of a DDH1 share prior to the Scheme is greater than the potential decrease in the low end value of the Standard Consideration relative to the low value of a DDH1 share prior to the Scheme.

2.5 Reasonableness

We have considered the analysis in section 14 of this report, in terms of both

- advantages and disadvantages of the Scheme; and
- other considerations, including the position of Shareholders if the Scheme does not proceed and the consequences of not approving the Scheme.

In our opinion, the position of Shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal, we believe that the Scheme is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
14.1.1	The Scheme is fair	14.2.1	Dilution of Shareholders' exposure to the potential value upside of DDH1's operations
14.1.2	Creation of an enlarged group and potential re-rating of the Combined Group	14.2.2	If the Scheme proceeds, Shareholders may forego the opportunity to receive a takeover premium in the future
14.1.3	Potential access to revenue synergies, including increased market share and profitability		
14.1.4	Exposure to more diversified operations		
14.1.5	The Standard Consideration includes a cash component which provides certainty of value for Shareholders		

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
14.1.6	The Standard Consideration provides Shareholders with the flexibility of being able to elect whether they receive the Standard Consideration in the form of scrip or shares, subject to scale back arrangements		

Other key matters we have considered include:

Section	Description
14.3	Alternative Proposal
14.4	Dividends and franking credits
14.5	Consequences of not approving the Scheme, being a potential decrease in the share price of DDH1, the incurring of transaction costs and the possibility of being liable to pay a break fee to Perenti
14.6.1	Other considerations - alignment of the Standard Consideration with Shareholders' risk preferences
14.6.2	Other considerations - Shareholders should consider the potential adjustments to the Scheme Consideration if they make an election for Maximum Cash Consideration or Maximum Scrip Consideration

3. Scope of the Report

3.1 Purpose of the Report

The Scheme is to be implemented pursuant to section 411 of the Corporations Act. Part 3 of Schedule 8 to the Corporations Act Regulations 2001 ('**Regulations**') prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to section 411 of the Act ('**Section 411**').

An independent expert's report must be obtained by a scheme company if:

- There is one or more common directors; or
- The other party to the scheme holds 30% or more of the voting shares in the scheme company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company the subject of the scheme and set out the reasons for that opinion.

There are no common directors of DDH1 and Perenti, nor is there any party to the Scheme that holds 30% or more of the scheme company, being DDH1. Accordingly, there is no requirement for this report pursuant to Section 411. Notwithstanding the fact that there is no legal requirement to engage an independent expert to report on the Scheme, the directors of DDH1 have requested that BDO prepare this report as if it were an independent expert's report pursuant to Section 411 and to provide an opinion as to whether the Scheme is fair and reasonable and in the best interests of Shareholders.

The requirement for an independent expert's report is also a condition precedent in the SIA, which states that, for the Scheme to proceed, the independent expert must conclude that the Scheme is in the best interests of Shareholders.

3.2 Regulatory guidance

Neither the Act nor the Regulations defines the term 'in the best interests of'. In determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of 'control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to affect the transaction.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, 'in the best interests' must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable'; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in three parts:

- A comparison between the value of a DDH1 share including a premium for control and the value of the Standard Consideration, comprising cash of $0.1238 and 0.7111 shares in the Combined Group on a minority interest basis (fairness – see Section 13 'Is the Scheme Fair?');
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Scheme, after reference to the value derived above (reasonableness – see Section 14 'Is the Scheme Reasonable?'); and
- A consideration of whether the Scheme is in the best interests of Shareholders.

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('**APES 225**').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225

4. Outline of the Scheme

On 26 June 2023, DDH1 announced it had entered into a SIA with Perenti, under which it is proposed that Perenti will acquire the entire issued capital of DDH1 by way of a scheme of arrangement. Under the terms of the Scheme, each DDH1 shareholder will receive the Standard Consideration, comprising $0.1238 cash ('**Scheme Cash Consideration**') plus 0.7111 Perenti shares ('**Scheme Scrip Consideration**') for each DDH1 share held at the record date.

The Scheme is subject to certain conditions precedent, including the following:

- Shareholders approving by requisite majorities (75% of all votes cast by shareholders, and 50% of the number of Shareholders who vote);
- The Court approving the Scheme in accordance with section 411(4)(b) of the Act;
- Receiving all necessary regulatory approvals, including but not limited to ASIC and ASX;
- Receiving a copy of each consent, waiver or confirmation required under certain contracts that include a change of control clause ('**Material Change of Control Contracts**'), as detailed below;
- Perenti signing Loan Share Deeds ('**DDH1 Loan Share Deeds**') with certain holders of the loan funded shares ('**DDH1 Loan Share holders**');

- No material adverse change, no prescribed occurrence or regulated events in relation to either DDH1 or Perenti; and
- The independent expert concluding that the Scheme is in the best interests of Shareholders.

The complete terms of the Scheme, including all conditions precedent are set out in the SIA that was announced on 26 June 2023.

Material Change of Control Contracts

There are certain contracts that DDH1 has entered into which contain 'change of control' provisions (or equivalent) that could be triggered by implementation of the Scheme, allowing the counterparty to renegotiate or terminate the contract. There are also customer and supplier contracts to which DDH1 is a party, which either automatically terminate upon a change of control or provide rights for the counterparty to terminate, or other adverse consequences upon a change of control. A condition precedent to the Scheme is that DDH1 receives a consent, waiver or confirmation that is required under the Material Change of Control Contracts to the change of control of DDH1 resulting from the Scheme.

Loan Shares

DDH1 has previously entered into limited recourse loan agreements with key management personnel ('**KMP**'), whereby funds are loaned to KMP, who use the proceeds of the loan to purchase shares at a fixed acquisition price ('**DDH1 Loan Shares**'). The recipients of the loan can then sell the shares at any point over the term of the loan and use the proceeds to repay the loan, with the difference between the acquisition price and the sale proceeds for the shares representing a profit. In the situation where the share price declines below the acquisition price, the holder can sell the shares, repay part of the loan with the remaining balance of the loan being forgiven. As set out in the Scheme Booklet, DDH1 and Perenti have agreed the form of the DDH1 Loan Share Deed.

The table below sets out the amounts owing and the holders of the DDH1 Loan Shares.

Holder	Initial number of DDH1 Loan Shares	Remaining number DDH1 Loan Shares	Initial Value of Loan	Outstanding Value of Loan
Russell Chard	1,104,896	1,104,896	$500,021	$402,530
Clay Schmidt	883,916	883,916	$400,016	$321,030
Sy Van Dyk	4,420,000	4,420,000	$2,000,271	$1,610,270
Sy Van Dyk	205,000	205,000	$92,773	$74,684
Craig Chitty	883,916	883,916	$400,016	$321,030
Andrew Venn	1,911,342	250,000	$864,978	$90,678
Ben Mackinnon	1,104,896	1,104,896	$500,021	$402,530
Total	10,513,966	8,852,624	$4,758,096	$3,222,752

Source: Scheme Booklet

The DDH1 Loan Share Deeds will:

- release DDH1 of any obligations to the holder under the existing loans;
- include a holding lock being placed on shares in the Combined Group that will be issued to the holder in accordance with the terms of the Scheme;

- be on substantially the same terms as the existing loan agreement terms, including as to maturity; and
- specify that any, and all, outstanding amounts of the loan will be repayable within three business days of the relevant holder being no longer employed or engaged by Perenti.

In addition, DDH1 must use its best endeavours to procure that any of DDH1 Loan Shareholders who are no longer employed by the DDH1 Group will agree to repay all outstanding loan amounts in respect of their DDH1 Loan Shares promptly following the scheme implementation date ('**Implementation Date**').

Capital structure

The capital structure of the Combined Group is set out in the table below.

Share structure following the implementation of the Scheme	
Number of DDH1 shares on issue as at the date of our Report	401,093,420
Number of DDH1 shares to be issued on vesting of DDH1 Performance Rights	2,871,860
Total number of DDH1 shares on issue at the Record Date	403,965,280
Number of Perenti shares that DDH1 Shareholders will receive for every share they hold in DDH1	0.7111
Number of shares in the Combined Group to be issued to DDH1 Shareholders	287,259,711
Number of Perenti shares on issue prior to the Scheme	682,172,308
Number of shares on issue in the Combined Group following the implementation of the Scheme	969,432,019
Percentage of the Combined Group to be held by DDH1 Shareholders	*29.63%*
Percentage of the Combined Group to be held by Perenti shareholders	*70.37%*

We note that as at the date of the Scheme Booklet, Perenti and its associates have a relevant interest of 80,178,575 DDH1 shares, representing 19.99%. This interest is held through a call option with DDH1 Holdings Singapore Pte Ltd ('**Oaktree**'). The call option was acquired through the execution of a call option deed ('**DDH1 Option Deed**') on 25 June 2023, which provides Perenti with the option to purchase a 19.99% interest in DDH1 from Oaktree at an exercise price of $1.03. The call option is exercisable if a public announcement is made in relation to a competing proposal, which would allow Perenti to require Oaktree to sell 80,178,575 DDH1 shares to Perenti ('**Oaktree Call Option**'). We have not separated this interest from the holdings of Shareholders presented above because Oaktree retains the voting rights attached to the shares, until the option is exercised (if it is exercised).

DDH1 Performance Rights and Employee Share Plan

In order to provide non-cash remuneration to its KMP and employees, DDH1 currently has a total of 2,871,860 performance rights on issue ('**DDH1 Performance Rights**'). Under the Long Term Incentive Plan, the DDH1 Board may, in its absolute discretion and subject to the ASX Listing Rules, determine how the DDH1 Performance Rights will be dealt with in a change of control event. Given that the Scheme represents a change of control event, the Board of DDH1 has resolved that subject to shareholder approval of the Scheme, all DDH1 Performance Rights will vest immediately following the Scheme becoming effective. As such, the holders of the DDH1 Performance Rights will receive DDH1 shares for each DDH1 Performance Right that they hold. The shares issued on vesting of the DDH1 Performance Rights will then convert to the form of Standard Consideration that the holder elects.

DDH1 also operates an employee share plan under which employees are issued shares. Shares issued under the employee share plan have a three-year restriction period that lifts on 5 March 2024. Pursuant to the SIA, any restriction periods on the DDH1 shares issued under the employee share plan will be waived. Therefore, the holders of the shares issued under the employee share plan will receive the Standard Consideration for these shares.

Dividends

The Standard Consideration will be subject to adjustment for any final DDH1 or Perenti FY23 Dividend. In accordance with the disclosure in the Scheme Booklet, our Report is prepared under the assumption that neither Perenti nor DDH1 will declare a dividend prior to the date of the Scheme meeting. It is likely that one or both companies will declare a dividend however at the date of our Report there is insufficient certainty on the quantum of the dividend, or if one will be paid at all.

Pursuant to the terms of the SIA, DDH1 is permitted to pay Shareholders a fully franked dividend to a maximum aggregate amount of $15 million ('**DDH1 Permitted Dividend**'), provided that:

- the record date for the DDH1 Permitted Dividend occurs on or before the Scheme record date;
- the franking account of DDH1 does not fall into deficit upon payment of the DDH1 Permitted Dividend; and
- the DDH1 Permitted Dividend complies with section 254T of the Corporations Act.

Pursuant to the terms of the SIA, Perenti is permitted to pay the shareholders of Perenti a fully franked dividend to a maximum aggregate amount of $20 million ('**Perenti Permitted Dividend**'), provided that:

- the franking account of Perenti does not fall into deficit upon payment of the Perenti Permitted Dividend;
- the Perenti Permitted Dividend complies with section 254T of the Corporations Act; and
- the dividend is not paid (and the ex-dividend date for that dividend does not occur) within the period over which the VWAP is assessed for the purposes of calculating the adjusted Standard Consideration, as detailed below.

Adjustments to the Standard Consideration

As outlined above, the Standard Consideration is to be adjusted based on the dividends declared and paid by DDH1 and Perenti prior to the Implementation Date.

The number of shares in the Combined Group to be issued to Shareholders is calculated using the following formula:

$$\frac{0.7111 \times (CVWAP + PAD_1) - DAD}{CVWAP - PAD_2}$$

where:

- **CVWAP (or Consideration VWAP)** is the five-day volume weighted average price of Perenti shares ending two business days prior to the Scheme Election Date, excluding any excluding any 'Crossing' transacted outside of the 'Open Session State' or any 'Special Crossing' transacted at any time, each as defined in the ASX Operating Rules;
- **PAD_1** is the Perenti actual dividend paid before the five-day trading period referred to in the CVWAP definition;

- **DAD** is the dividend amount paid by DDH1, where the dividend has a record date prior to the Implementation Date; and
- **PAD_2** is the Perenti actual dividend paid after the five-trading day period referred to in the CVWAP definition.

Given that the election date and announcement of the Perenti dividend and DDH1 dividend will occur subsequent to the date of our Report, in accordance with the guidance in RG111 around considering material changes in circumstances following the preparation of a report, we will assess whether the dividends paid by both companies (if any) will have a material effect on the information contained in our report. As at the date of our Report, this is not yet known and our Report is prepared under the assumption that neither company declares a dividend. If either company declares a dividend and it has a material effect on the information contained in our report, we will provide a supplementary report disclosing the impact the dividends paid by DDH1 or Perenti (or both) would have on the information contained in our Report.

Consideration Election Mechanism

As detailed in the SIA, the Scheme consideration election mechanism provides each Shareholder with the flexibility to elect their preferred form of consideration, being cash or scrip, and seeks to maximise this preference to the extent possible within the total available cash pool of approximately $50 million. In the event that Shareholders do not make an election, they will receive the Standard Consideration of $0.1238 cash and 0.7111 shares in the Combined Group for every DDH1 share they hold, subject to dividend adjustments.

The formula for calculating the proportion of cash and shares that each Shareholder will receive under scale back arrangements, is detailed in section 1.6 of the Scheme Booklet.

Perenti will pay a cash amount of approximately $50 million and issue an aggregate of 287,259,711 shares regardless of the elections made by Shareholders, with the elections representing a movement of value between Shareholders depending on their individual elections.

Set out below is a table showing various hypothetical scale back scenarios and the resulting level of cash consideration and number of Combined Group shares that a Shareholder would receive for every DDH1 share that they hold under various levels of Maximum Scrip Consideration elections (noting various assumptions have been made). The table below is prepared based on a VWAP of $1.252, which is the 5-day VWAP to 23 June 2023, being the last trading day prior to the announcement of the Scheme. The table also assumes that neither Perenti or DDH1 pay a dividend.

BDO

Maximum Scrip Consideration Election

		% of Scheme Shares elected to receive Maximum Scrip Consideration Election											
		1%	10%	20%	30%	40%	50%	60%	70%	80%	90%	99%	100%
% of Scheme Shares elected to receive Maximum Cash Consideration Election	0%	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS	$0.1238 0.7111 PS
	1%	$0.0000 0.8100 PS	$0.0348 0.7822 PS	$0.0793 0.7467 PS	$0.0941 0.7348 PS	$0.1015 0.7289 PS	$0.1060 0.7253 PS	$0.1090 0.7230 PS	$0.1111 0.7213 PS	$0.1127 0.7200 PS	$0.1139 0.7190 PS	$0.1148 0.7183 PS	
	10%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0125 0.8000 PS	$0.0249 0.7901 PS		
	20%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS			
	30%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS				
	40%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS					
	50%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS						
	60%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS							
	70%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS								
	80%	$0.0000 0.8100 PS	$0.0000 0.8100 PS	$0.0000 0.8100 PS									
	90%	$0.0000 0.8100 PS	$0.0000 0.8100 PS										
	99%	$0.0000 0.8100 PS											

Source: Scheme Booklet

Set out below is a table showing various hypothetical scale back scenarios and the resulting level of cash consideration and number of Combined Group shares that a Shareholder would receive for every DDH1 share that they hold under various levels of Maximum Cash Consideration elections (noting various assumptions have been made). The table below is prepared based on a VWAP of $1.252, which is the 5-day VWAP to 23 June 2023, being the last trading day prior to the announcement of the Scheme. The table also assumes that neither Perenti or DDH1 pay a dividend.

![BDO logo]

Maximum Cash Consideration Election

% of Scheme Shares elected to receive Maximum Cash Consideration Election	% of Scheme Shares elected to receive Maximum Scrip Consideration Election											
	0%	1%	10%	20%	30%	40%	50%	60%	70%	80%	90%	99%
1%	$0.1238 0.7111 PS	$0.2476 0.6122 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS
10%	$0.1238 0.7111 PS	$0.1362 0.7012 PS	$0.2476 0.6122 PS	$0.3714 0.5134 PS	$0.4952 0.4145 PS	$0.6190 0.3156 PS	$0.7428 0.2167 PS	$0.8666 0.1178 PS	$0.9904 0.0189 PS	$1.0141 0.0000 PS	$1.0141 0.0000 PS	
20%	$0.1238 0.7111 PS	$0.1300 0.7062 PS	$0.1857 0.6617 PS	$0.2476 0.6122 PS	$0.3095 0.5628 PS	$0.3714 0.5134 PS	$0.4333 0.4639 PS	$0.4952 0.4145 PS	$0.5571 0.3650 PS	$0.6190 0.3156 PS		
30%	$0.1238 0.7111 PS	$0.1279 0.7078 PS	$0.1651 0.6782 PS	$0.2063 0.6452 PS	$0.2476 0.6122 PS	$0.2889 0.5793 PS	$0.3301 0.5463 PS	$0.3714 0.5134 PS	$0.4127 0.4804 PS			
40%	$0.1238 0.7111 PS	$0.1269 0.7086 PS	$0.1548 0.6864 PS	$0.1857 0.6617 PS	$0.2167 0.6370 PS	$0.2476 0.6122 PS	$0.2786 0.5875 PS	$0.3095 0.5628 PS				
50%	$0.1238 0.7111 PS	$0.1263 0.7091 PS	$0.1486 0.6913 PS	$0.1733 0.6716 PS	$0.1981 0.6518 PS	$0.2228 0.6320 PS	$0.2476 0.6122 PS					
60%	$0.1238 0.7111 PS	$0.1259 0.7095 PS	$0.1444 0.6946 PS	$0.1651 0.6782 PS	$0.1857 0.6617 PS	$0.2063 0.6452 PS						
70%	$0.1238 0.7111 PS	$0.1256 0.7097 PS	$0.1415 0.6970 PS	$0.1592 0.6829 PS	$0.1769 0.6687 PS							
80%	$0.1238 0.7111 PS	$0.1253 0.7099 PS	$0.1393 0.6988 PS	$0.1548 0.6864 PS								
90%	$0.1238 0.7111 PS	$0.1252 0.7100 PS	$0.1376 0.7001 PS									
99%	$0.1238 0.7111 PS	$0.1251 0.7101 PS										
100%	$0.1238 0.7111 PS											

Source: Scheme Booklet

Break fees

DDH1 must pay Perenti an amount of $4.13 million if during the exclusivity period:

- a competing proposal is received by DDH1 and any party other than Perenti completes a competing proposal or acquires an interest of at least 50% of DDH1 within twelve months of receiving the proposal; or
- if any of the Directors of DDH1 does not recommend the Scheme, except in the circumstances permitted under the SIA; or
- if Perenti validly terminates the SIA under certain provisions relating to a material breach by DDH1 or as a result of a DDH1 prescribed occurrence.

There is also a break fee of $4.13 million that is payable by Perenti if DDH1 validly terminates the SIA under certain provisions relating to a material breach by Perenti or as a result of a Perenti prescribed occurrence.

Refer to the SIA (announced on 26 June 2023) for the full set of circumstances under which the break fee is payable by either party.

5. Profile of DDH1

5.1 History

DDH1 is an ASX-listed company that provides surface and underground drilling services across a diverse group of mineral commodities within Australia and it also has international exposure through the Company's wholly owned Swick Mining Services ('**Swick**') business unit. The Company was listed on the ASX in March 2021. The Company's head office is in Canning Vale, Western Australia.

The Company operates through four specialised brands, DDH1 Drilling ('**DDH1 Drilling**'), Strike Drilling ('**Strike**'), Ranger Drilling ('**Ranger**') and Swick, each with different specialities but complementary capabilities. DDH1 Drilling was the primary operation of the Company prior to the acquisition of Swick and now provides approximately 40% of revenue, with a focus on technically challenging directional drilling at depth. Strike specialises in early-stage exploration drilling, Ranger specialises in drilling applications for the iron ore industry. Swick is entirely underground drilling, providing approximately 35-40% of the Company's revenue.

DDH1 began its operations in 2006 as DDH1 Drilling which, from establishment, has grown organically through fleet expansion. Complementary acquisitions of Strike, Ranger and Swick in May 2018, April 2019 and February 2022, respectively, provided additional depth to DDH1's service offerings. The acquisitions have formed part of DDH1's long term growth strategy, aiming to provide its clients a broader range of drilling solutions and reducing the Company's exposure to cyclical industry risks.

The current board members of DDH1 are:

- Diane Smith-Gander – Independent Non-Executive Chair;
- Sy Van Dyk- Managing Director and Chief Executive Officer;
- Alan Broome – Independent Non-Executive Director;
- Andrea Sutton - Independent Non-Executive Director;
- Murray Pollock - Non-Executive Director; and
- Byron Beath- Non-Executive Director.

5.2 DDH1 Drilling

DDH1 Drilling was historically the primary operation of the Company, growing organically since its inception in 2006. DDH1 Drilling provides specialised drilling services to the resources sector, with a focus in deep hole multi-intersectional directional drilling. DDH1 Drilling operates across all stages of the mine cycle, but are predominantly used for near-mine exploration, mine development and production drilling activities.

DDH1 Drilling has focused on specialised and technically challenging deep drilling services due to:

- Deep drilling is generally undertaken at existing mines or mature projects where demand for services is typically more consistent throughout the mine life cycle and less susceptible to short-term fluctuations in commodity prices;
- Deep drilling programs are longer term and employ multiple rigs;
- Deep direction drilling requires a high level of expertise, which leads to less competition in the provision of services in comparison to less technically demanding drilling disciplines; and

- Once on site for the provision of deep drilling services, there is more potential to secure other kinds of drilling work as the incumbent drilling contractor given the knowledge of mine site geology and transferable expertise to shallower drilling locations.

DDH1 Drilling's specialised diamond core drilling services are used to extract rock core samples from depths of up to 3,000 metres. Directional drilling allows for direction, angle, and path deviations of drilling activity. Direction drilling is utilised to steer drilling towards designated drilling targets, steer drilling activity back on course if deviated from its desired path or to help overcome environmental challenges that limit vertical service drilling methods' ability to reach potential targets efficiently.

DDH1 Drilling currently operates a fleet of 62 multi-purpose surface and 12 underground diamond core drilling rigs across approximately 50 operational sites in Australia.

5.3 Strike Drilling

Strike was founded in 2013 and provides air core and reverse circulation drilling services which are primarily used for earlier stage exploration drilling activities. Strike's client base is predominantly junior and mid-tier ASX-listed mining companies, across a range of commodities, with operations in Western Australia, Victoria, the Northern Territory and New South Wales.

DDH1 acquired Strike in 2018, as part of the Company's long-term strategy to provide additional service offerings. Prior to the acquisition, Strike had been a long-term subcontractor to DDH1 Drilling. Strike's presence at a project site from inception positions DDH1 Drilling to transition to the incumbent operator for clients progressing to later stage drilling work.

Strike currently has a fleet of 16 rigs, of which, seven are dual-purpose air core and reverse circulation drill rigs. The designed dual-purpose rigs offer several advantages over single purpose drills including increased productivity, greater flexibility, greater depth capabilities, enhanced safety, and a smaller environmental footprint.

5.4 Ranger Drilling

Ranger was established in 2005 and provides a range of drilling applications to the Western Australian iron ore industry. Ranger's service offerings are across the mine life cycle inclusive of grade control, reverse circulation, diamond core and water bore. Ranger typically enters into long-term master service agreements with its customers, most of which are large scale iron ore mining companies.

Ranger was acquired by DDH1 in April 2019, as part of the long-term growth strategy to further diversify the Company's commodity exposure. Prior to acquiring Ranger, DDH1's commodity exposure was limited to gold, base metals, uranium and lithium. The acquisition of Ranger provided DDH1 with additional commodity exposure by giving it access to Ranger's predominately iron ore client base. Prior to the acquisition, DDH1 Drilling had also previously worked with Ranger Drilling on a shared contract and subcontract basis.

Ranger currently operates a fleet of 22 rigs. The majority of Ranger's fleet are reverse circulation drill rigs. The reverse circulation drill rigs reduce drilling, capital, and maintenance costs, simplify operating complexity, reduce the site footprint and the risks associated with using boosted high pressure compressed air. There has been an increasing focus towards automation in industry. As such, during the year ended 30 June 2022 ('**FY22**'), Ranger commissioned its first semi-automated RC drill rig.

5.5 Swick

Swick provides a range of underground drilling services across Australia, North America, and Western Europe, and designs and manufacturers underground drill rigs. Swick was founded in 1997 as an underground long-hole production drilling business. Swick grew organically, expanding its service capabilities to be inclusive of surface diamond drilling, deep hole drilling and the manufacturer of drill rigs. Swick previously listed on the ASX in October 2005, as Swick Mining Services Limited.

In October 2021, it was announced that Swick was to be acquired by DDH1. The acquisition aligned with the DDH1 growth strategy, providing DDH1 with an exposure to key international markets, expertise in underground drilling management and engineering and maintenance capabilities. The acquisition of Swick provided DDH1 with diversity of service offerings (through the engineering division) and cost savings and synergies to DDH1. Swick also has long-term customer relationships, often contracting Swick for over 5 years. The customer base is complementary to DDH1, allowing the opportunity to provide a full scope of specialised drilling services.

Swick currently operates a fleet of 81 diamond core underground rigs. Swick is developing innovative drilling solutions that can be applied across the combined surface and underground fleets, including the E-Rig and Remote-Control Drilling technology. Swick has undertaken comprehensive field testing and analysis in recent periods on the E-Rig, aiming to reduce the carbon footprint of underground core drilling operations by 50%.

5.6 DHH1 operations

DDH1's operations comprise the four specialised brands, providing a broad range of drilling services across the mining life cycle. The brands have different specialities but have commonalities in relation to drilling processes, clientele and commodity exposure, enabling DDH1 to leverage existing experience and understanding of geology to continue to provide services as a project progresses.

DDH1 enters both short term contracts which span up to three months, and long-term contracts which span up to three-years. The focus is on longer term contracts, usually related to mine development drilling as they are less impacted by industry cycles, typically require a greater level of drilling activity and are usually longer term involving multiple rigs. DDH1 has selective exposure to prospective greenfield exploration drilling projects, particularly those with potential to progress.

DDH1's growth strategy has been focused on organic and opportunistic acquisitive growth. Through acquisitions of Strike and Ranger, DDH1 offers a complete range of air core, reverse circulation and diamond core drilling services, positioning DDH1 as the incumbent contractor for clients progressing to later stage. The acquisition of Swick is complementary for DDH1, providing an established platform for geographical expansion and offering underground drilling expertise and engineering and maintenance capabilities.

Along with the complementary acquisitions, DDH1 has pursued organic growth via fleet expansion and maximising fleet utilisation. DDH1 currently operates a fleet of approximately 193 rigs, comprising of approximately 60% surface and 40% underground rigs. The fleet is mobile, enabling DDH1 to tender and secure contracts for our customers either domestically or internationally.

5.7 Recent Corporate Events

Acquisition of Swick Mining Services Limited

On 7 February 2022, DDH1 completed the acquisition of Swick and its subsidiaries. The consideration paid was in the form of DDH1 ordinary fully paid shares issued at a ratio of 0.2970 DDH1 shares for each Swick share. DDH1 issued 83.95 million new shares which, as at the date of acquisition, the market price for DDH1 shares was $1.05 per share, resulting in consideration of $88.15 million. The combined business was owned 80.3% by DDH1 shareholders and 19.7% by Swick shareholders.

Drawdown Facility

DDH1 initially entered in a revolving credit facility with Bankwest in April 2021 for a $50 million revolving credit facility and a $10 million asset finance facility, before amending the terms of the existing facility on 14 February 2022. The amended facility includes an $85 million revolving credit line ('**Revolving Credit Line'**) and a $10 million asset finance credit line ('**Asset Finance Credit Line**') (collectively '**the Facilities**'). The Revolving Credit Line has a five-year term, expiring on 14 February 2027, and can be used by DDH1 for general corporate purposes, including acquisitions, capital expenditure and working capital. The Asset Finance Credit Line also has a five-year term and can be used for equipment purchases. The Facilities are secured over the assets of DDH1.

As at 31 December 2022, the Company had drawn down $42.47 million of the $95 million that is available under the Facilities, with $52.53 remaining to be drawn as required.

Share buy-back program

On 1 July 2022, the board of DDH1 approved an on-market share buy-back program for up to 34,280,468 DDH1 shares, representing approximately 8% of the issued capital of DDH1. The buy-back program was commissioned to be conducted over the 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.

The final share buyback was completed on 14 July 2023. Over the program, 25,665,756 securities were bought for a total consideration of $21.66 million. The average buyback purchase price was $0.844. The highest price paid over the program was $0.935 on 21 December 2022 and the lowest price paid was $0.715 on 3 October 2022.

Dividends

During the 2022 financial year, the Company paid a fully franked dividend of $0.0265 per share totalling $10.8 million. On 28 February 2023, DDH1 announced a fully franked interim dividend of $0.033 per share with an ex-dividend date of 20 March 2023. The dividend was paid on 11 April 2023, totalling $13.35 million.

Call Option Issued to Perenti

On 25 June 2023, through the execution of the DDH1 Option Deed, Perenti and associates were provided the option to purchase a 19.99% (80,178,575 shares) interest in DDH1 from Oaktree at an exercise price of $1.03. The call option is exercisable if a public announcement is made in relation to a competing proposal, which gives Perenti the right to require Oaktree to sell 19.99% of its interest in DDH1 to Perenti.

5.8 Historical Statements of Financial Position

Statement of Financial Position	Reviewed as at 31-Dec-22 $000s	Audited as at 30-Jun-22 $000s	Audited as at 30-Jun-21 $000s
CURRENT ASSETS			
Cash and cash equivalents	31,501	17,941	14,591
Trade and other receivables	82,664	93,563	55,696
Inventories	57,047	55,849	26,098
Current tax assets	3,348	3,856	4,279
Other current assets	4,634	1,791	1,221
TOTAL CURRENT ASSETS	**179,194**	**173,000**	**101,885**
NON-CURRENT ASSETS			
Financial assets	588	2,633	562
Intangible assets	54,260	61,385	30,818
Property, plant and equipment	236,092	223,290	129,415
Right of use assets	13,440	13,693	4,228
Deferred tax asset	-	-	14,413
TOTAL NON-CURRENT ASSETS	**304,380**	**301,001**	**179,437**
TOTAL ASSETS	**483,574**	**474,001**	**281,322**
CURRENT LIABILITIES			
Trade and other payables	36,901	51,091	28,757
Lease liabilities	4,521	4,321	3,217
Borrowings	10,000	-	-
Provisions	21,858	20,076	8,433
TOTAL CURRENT LIABILITIES	**73,280**	**75,488**	**40,407**
NON-CURRENT LIABILITIES			
Lease liabilities	13,179	14,975	6,424
Borrowings	30,000	30,000	-
Provisions	1,056	626	804
Deferred tax-liabilities	21,478	10,900	-
TOTAL NON-CURRENT LIABILITIES	**65,713**	**56,501**	**7,228**
TOTAL LIABILITIES	**138,993**	**131,989**	**47,635**
NET ASSETS	**344,581**	**342,012**	**233,687**
EQUITY			
Issued capital	449,608	464,543	375,025
Group reorganisation reserve	(266,574)	(266,574)	(266,574)
Share based payment reserve	3,640	3,706	3,837
Foreign Currency Translation Reserve	908	818	-
Retained earnings	156,999	139,519	121,399
TOTAL EQUITY	**344,581**	**342,012**	**233,687**

Source: DDH1's audited financial statements for the years ended 30 June 2021 and 30 June 2022 and reviewed financial statements for the half year ended 31 December 2022

Commentary on the Consolidated Statements of Financial Position

- Cash and cash equivalents increased from $17.94 million as at 30 June 2022 to $31.50 million as at 31 December 2022. The increase was attributable to net cash generated from operations of $62.24 million and $15.00 million of drawdowns of the Facilities. This was partially offset by payments for property, plant and equipment of $32.98 million, $15.76 million paid to fund the share buyback program and $10.87 million of dividends paid.

- DDH1 maintains an inventory of drilling parts and spares for use in the rendering of drilling services. The inventory is measured at the lower of cost and net realisable value, which is determined through ongoing reviews to assess whether items are obsolete or damaged.
- Intangible assets consist of customer relationships, goodwill, software development, and development assets. The intangible assets were initially recognised from the acquisition of Strike in 2018 and subsequently for Ranger in 2019. During FY22, intangible assets were initially recognised for the acquisition of Swick, resulting in the intangible balance increasing from $30.82 million as at 30 June 2021 (‘**FY21**’) to $61.39 million as at 30 June 2022, after amortisation expenses.
- Property, plant and equipment (‘**PPE**’) increased from $129.42 million as at 30 June 2021 to $223.29 million as at 30 June 2022. This was primarily the result of purchases of $61.69 million and an additional $57.74 million of PPE acquired as part of the acquisition of Swick, which was partially offset by a depreciation expense of $28.82 million. Property, plant and equipment comprise mainly of drilling rigs and associated vehicles and equipment.
- DDH1’s current borrowings of $10 million and non-current borrowings of $30 million as at 31 December 2022, relate to the Facilities with Bankwest. The current borrowings of $10 million relate to the commercial advance that DDH1 had drawn down during the period and subsequently repaid on 23 January 2023. The non-current borrowings of $30 million is a term loan that DDH1 had drawn from the Revolving Credit Line, which remined unchanged during the period and matures on 14 February 2027.
- Issued capital increased from $375.03 million at 30 June 2021 to $462.53 at 30 June 2022, which was primarily a result of the shares issued as consideration for the acquisition of Swick. The terms of the acquisition of Swick are detailed in section 5.7 of our Report.
- Issued capital decreased from $464.53 million as at 30 June 2022 to $449.61 million as at 31 December 2022. This was predominantly a result of the on-market share buy-back program approved by the DDH1 directors on 1 July 2022. As at 31 December 2022, 18,539,719 shares had been bought under the buy-back program at a total cost of $15.76 million. The average buyback price up to 31 December 2022 was $0.85 per share.

5.9 Historical Statement of Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half year ended 31-Dec-22 $000s	Audited for the year ended 30-Jun-22 $000s	Audited for the year ended 30-Jun-21 $000s
Revenue	286,015	415,377	294,606
Other income	7,267	8,427	4,206
Other gains and losses	1,775	(2,300)	(139)
Gross profit	**295,057**	**421,504**	**298,673**
Administrative expenses	(7,985)	(8,022)	(4,901)
Drilling consumables	(26,732)	(42,799)	(32,686)
Employee and contract labour expenses	(135,683)	(191,182)	(132,091)
Fuel and oil expenses	(5,974)	(10,162)	(6,457)
Freight and couriers	(4,030)	(6,105)	(3,909)
Hire of plant	(8,812)	(14,614)	(8,501)
Service and repair expenses	(20,902)	(31,892)	(23,869)
Travel expenses	(12,352)	(15,242)	(10,412)
Engineering consumables and parts	(3,606)	-	-
Acquisition expenses	-	(3,820)	-
IPO expenses	-	-	(7,431)
Other expenses	(1,936)	(6,884)	(2,806)
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	**67,045**	**90,782**	**65,610**
Depreciation expense	(23,246)	(29,956)	(21,528)
Amortisation expense	(5,588)	(5,808)	(2,151)
Earnings Before Interest and Tax ('EBIT')	**38,211**	**55,018**	**41,931**
Interest income	33	7	1
Finance costs	(1,401)	(1,651)	(2,526)
Profit before tax	**36,843**	**53,374**	**39,406**
Income tax expense	(8,490)	(17,515)	17,780
Profit for the period	**28,353**	**35,859**	**57,186**
Other comprehensive income, net of income tax	90	818	-
Total comprehensive loss for the year, net of tax	**28,443**	**36,677**	**57,186**

Source: DDH1's audited financial statements for the years ended 30 June 2021 and 30 June 2022 and reviewed financial statements for the half year ended 31 December 2022

Commentary on the Consolidated Statements of Comprehensive Income

- Revenue for the half year ended 31 December 2022 was $286.02 million, comprised of $281.55 million from the rendering of drilling services and $4.47 million from engineering sales, a new revenue stream from the acquisition of Swick.
- Revenue increased by 41.0% from the year ended 30 June 2021 to the year ended 30 June 2022. As Swick was acquired on 7 February 2022, revenue for FY22 includes Swick's revenue for the final four months of FY22. DDH1's EBITDA margin contracted from 22.3% for FY21 to 21.9% for FY22, primarily attributable to COVID related expenses being incurred in FY21. The EBITDA margin improved to 23.4% for the half year ended 31 December 2022.

- Although not presented above, DDH1 also reports proforma results to include Swick's results as if it were owned for the entire FY21 and FY22 periods. On a pro-forma basis, revenue increased by 14.0% from the year ended 30 June 2021 to the year ended 30 June 2022, as a result of DDH1 increasing its fleet size to meet strong market demand, increasing rig utilisation and having the ability to increase rates, offsetting increased labour costs in a tight labour market.
- The half-year ended 31 December 2022 saw a revenue increase of 69.6% when compared to the half-year ended 31 December 2021. This was predominantly due to of the inclusion of Swick's revenue streams. On a proforma basis, revenue increased 15.7% as a result of organic rig growth, strong rig utilisation and the ability of to raise rates to address inflationary pressures.
- The breakdown of drilling service revenue by commodity and drilling type is shown in the table below:

	Reviewed for the half year ended 31-Dec-22 $000s	Audited for the year ended 30-Jun-22 $000S	Audited for the year ended 30-Jun-21 $000s
Commodity			
Gold	115,282	164,793	139,667
Gold/Copper	32,943	36,337	41,455
Copper	54,762	61,367	25,868
Nickel	25,727	81,789	19,509
Iron Ore	29,775	47,036	53,848
Other	23,056	22,632	14,259
Revenue from the rendering of drilling services	**281,545**	**413,954**	**294,606**
Drilling Type			
Surface Drilling	171,743	319,884	274,503
Underground drilling	104,705	89,285	10,353
Other	5,097	4,785	9,750
Revenue from the rendering of drilling services	**281,545**	**413,954**	**294,606**

- Other income largely relates to the Company receiving government training incentives of $1.99 million for the year ended 30 June 2021, $6.69 million for the year ended 30 June 2022 and $5.51 million for the half year ended 31 December 2022. This training incentive relates to the governments Boosting Apprenticeship Commencements ('**BAC**') and Completing Apprenticeship Commencements ('**CAC**') schemes. The BAC and CAC scheme formed part of the governments COVID-19 recovery plan, supporting business to take on and retain more apprentices and trainees.
- Administrative expenses of $7.99 million for the half year ended 31 December 2022 comprised primarily of $4.33 million in insurance expenses, $1.73 million in telephone and communication expenses, $0.75 million in legal and consultancy fees and $0.38 million in advertising expenses.
- Employee and contract labour expenses as a percentage of revenue has remained relatively stable, representing 44.8% for the year ended 30 June 2021, 46.0% for the year ended 30 June 2022 and 47.4% for the half-year ended 31 December 2022. A tight labour market, as a result of COVID-related mobility restrictions and employee absenteeism, and recent the recent inflationary environment has put upward pressure on wages, which DDH1 has been able to pass on through increased rates. The increase in employee costs relative to revenue in FY22 (compared to FY21) is a partly a result of the company incurring additional corporate costs follow completion of its IPO in March 2021, meaning that FY22 was a full period of operating as an ASX listed company.
- Service and repair expenses of $20.90 million for the half year ended 31 December 2022, related to on-going repairs and maintenance which are expensed as incurred. The service and repair

expenses as a percentage of revenue has been stable, representing 8.1% for the year ended 30 June 2021, 7.7% for the year ended 30 June 2022 and 7.3% for the half-year ended 31 December 2022. DDH1 has a policy of adequate maintenance of its drill rigs to ensure reduced downtime and to manage its capital expenditure requirements for repairs and replacement rigs. The acquisition of Swick provided the Company with additional servicing capabilities and expertise to reduce service expenditure.

- Acquisition expenses of $3.82 million for the year ended 30 June 2022 were the costs relating to the acquisition of Swick, which was announced in October 2021.

5.10 Capital Structure

The share structure of DDH1 as at 5 July 2023 is outlined below:

	Number
Total ordinary shares on issue*	401,093,420
Top 20 shareholders	266,151,837
Top 20 shareholders - % of shares on issue	66.36%

Source: DDH1 Share registry information

The ordinary shares held by the most significant shareholders as at 5 July 2023 are detailed below:

Name	No. of Ordinary Shares	Percentage of Issued Shares
Oaktree	80,753,063	20.13%
Mr Murray G Pollock	47,419,961	11.82%
Subtotal	**128,173,024**	**31.96%**
Others	272,920,396	68.04%
Total ordinary shares on Issue	**401,093,420**	**100.00%**

Source: DDH1 Share registry information

As at 18 July 2023, DDH1 had 2,871,860 performance rights on issue. Each DDH1 Performance Right gives the holder the right to be issued 1 DDH1 share for each DDH1 Performance Rights held, subject to the achievement of specific performance criteria. No amount is payable by the holder on the vesting of the DDH1 Performance Rights. Upon implementation of the scheme, the DDH1 Performance Rights on issue will vest immediately and convert to DDH1 shares prior to the record date. The DDH1 shares issued to the holders of the DDH1 Performance Rights will therefore participate in the Scheme, as the holders will receive the Standard Consideration for the DDH1 shares.

6. Profile of Perenti

6.1 Overview

Perenti is an ASX-listed diversified mining services group with interests in contract mining, mining services and future technology solutions. The group was founded in Kalgoorlie in 1987 as 'Ausdrill'. Following the acquisition of underground mining contractor Barminco Holdings Pty Limited ('**Barminco**') in 2018, the group changed its name to Perenti to reflect its expanded mining services offerings. Today, Perenti's operating businesses include Barminco, African Underground Mining Services, Ausdrill, African Mining Services, BTP, Logistics Direct, Supply Direct, idoba and Orelogy. Perenti is headquartered in Perth, Australia and operates across four continents with a workforce of approximately 9,000 employees.

The current directors of Perenti are:

- Robert Cole – Non-Executive Chair;
- Mark Norwell – Managing Director and Chief Executive Officer;
- Mark Hine – Non-Executive Director;
- Alexandra Atkins – Non-Executive Director;
- Andrea Hall – Non-Executive Director;
- Tim Longstaff– Non-Executive Director; and
- Craig Laslett – Non-Executive Director.

6.2 Contract Mining

Perenti's Contract Mining division currently generates more than 90% of the group's revenue and includes both underground and hard-rock surface mining as well as surface drilling. The division currently has a portfolio of more than 60 projects which are located across three main regions, being Australia, Africa and North America. Perenti's Contract Mining division includes the following operating brands:

6.2.1. Barminco and African Underground Mining Services

Formed in 1989, Barminco offers a full suite of underground mining services including high speed development, production mining, diamond drilling, vertical development, equipment supply and maintenance, and mine design and planning. Barminco currently operates in Australia, North America and Africa.

Perenti (then Ausdrill) acquired Barminco in 2018, through a cash and scrip deal. The acquisition was undertaken to complement the group's existing capabilities, enable the delivery of a broader service offering and provide access to new underground mining markets. Following the acquisition of Barminco, African Underground Mining Services ('**AUMS**'), which had previously been a 50:50 joint venture between Ausdrill and Barminco, became an operating business unit of Barminco. Today AUMS remains a brand in its own right and is a specialist underground contract mining services business operating across Africa.

Together, Barminco and AUMS make up Perenti's underground mining business. The underground mining business has grown over recent years, with annual revenue increasing from approximately $1.3 billion for the year ended 30 June 2020 to $1.74 billion for the year ended 30 June 2022. Perenti's underground mining business currently contributes approximately 70% of the group's revenue. Perenti's underground mining business currently has active projects in Australia, Africa and North America. Details of Perenti's operating segments are set out below.

Australian Operations

Barminco currently has 16 active projects across Australia. Most of these projects are located in Western Australia and include (among others) contracts at IGO Limited's Spotted Quoll, Flying Fox, Odysseus and Nova-Bollinger Mines, AngloGold Ashanti's Sunrise Dam, Panoramic Limited's Savannah Mine and Gold Fields Limited's Agnew Mine. In June 2022, Perenti announced that Barminco had been awarded the contract for all underground development and production works for Evolution Mining Limited's Cowal Underground Project in New South Wales. This contract is Barminco's only active contract in New South Wales and represents one of the largest underground mining projects in Barminco's history, as it is expected to generate revenue of nearly $520 million over its initial four-year term.

African Operations

AUMS and Barminco currently have seven active projects across Africa, including Zone 5 owned by Khoemacau Copper Mining and located in Botswana, Siou owned by SEMAFO and located in Burkina Faso, Yaramoko owned by Fortuna Silver Mines and located in Burkina Faso, Sanbrado owned by West African Resources and located in Burkina Faso and AngloGold Ashanti's Geita Hill and Nyankanga mines located in Tanzania. In May 2023, Perenti announced that AUMS (through its joint venture partnership with Rocksure International, a local Ghanaian civil and mining contractor) had been awarded a new $630 million, 60-month contract at Newmont Corporation's Subika Underground Mine in Ghana. AUMS will undertake all underground development and production activities, diamond drilling and associated support services at the Subika Underground Mine.

North American Operations

Barminco has two active projects in North America, being Barrick Gold Corporation's Hemlo Mine located in Ontario and Newcrest Mining Limited's Red Chris Mine located in British Columbia. Barminco initially secured its contract for the Hemlo Mine in 2019 and it has since been extended through to September 2023. Barminco was awarded its contract for the Red Chris Mine in 2021 and in April 2023 Perenti announced that Barminco had received a 12-month contract extension, delivering approximately $90 million of revenue for the group. Barminco has a North American office in Denver and currently employs approximately 400 people in the region. North America has been identified as a growth area for the group, given the number of tier one operators in the region and opportunities to work with companies in the critical minerals space.

6.2.2. African Mining Services

Founded in 1991, African Mining Services ('**AMS**') offers contract surface mining and exploration drilling services to the mining industry throughout West Africa. Specifically, AMS offers a range of planning and exploration, mine development and production services.

AMS has several active projects across Africa including:

Iduapriem Gold Mine in Ghana

In July 2021, Perenti announced that AMAX, a joint venture between AMS and Ghanaian mining services company, MAXMASS Limited, had been awarded a new $470 million five-year contract at AngloGold

Ashanti's Iduapriem Gold Mine. The contract is structured as a 60:40 joint venture agreement between AMS and MAXMASS Limited.

Motheo Copper Project in Botswana

In June 2021, Perenti announced that AMS had been awarded the contract for open pit mining services at the Sandfire Resources Limited's Motheo Copper Project in Botswana. The contract is for approximately $650 million of revenue and has an initial term of 7 years and 3 months with a provision for a one-year extension. The contract was finalised in December 2021.

Mako Gold Mine in Senegal

In December 2022, Perenti announced that AMS had been awarded a contract extension for surface mining activities, including load and haul, drill and blast, grade control and crusher feed, at Resolute Mining Limited's Mako Gold Mine in Senegal. The contract is valued at approximately US$185 million over a period of four years, commencing 1 January 2022. Through AMS, Perenti has provided surface mining activities at the Mako Gold Mine since 2017.

6.2.3. Ausdrill (surface drilling)

Founded in 1987, Ausdrill provides specialist drilling services across Australia. Specifically, Ausdrill offers exploration drilling, production drilling, blasting services and geotechnical services across a broad range of commodities including iron ore, coal, gold, nickel, copper, lithium, and manganese. Ausdrill works with both mining majors and junior explorers.

At the start of the 2023 financial year Ausdrill had one of its strongest secured order books, having been awarded new contracts in Queensland and Western Australia, as well as having extended a significant number of existing contracts, leveraging long-term client relationships. In February 2023, Perenti announced that Ausdrill had been awarded its largest surface drilling contract in Australia, for the Northern Star Resources Ltd owned 'Super Pit' in Kalgoorlie, Western Australia. The $160 million contract includes activities that commenced in March 2022 and will continue through until March 2027.

6.3 Mining Services

Perenti's Mining Services Division comprises a portfolio of specialised businesses that predominantly work with clients in the mining sector to deliver value-add services that meet their current and emerging needs. Perenti's Mining Service businesses include mining equipment and parts supplier BTP and mining logistics and procurement providers Logistics Direct and Supply Direct. The Mining Services Division is executing a refreshed strategy following the divestment of its MinAnalytical and Well Control Solutions businesses (see section 5.6 below for further details) and is currently pursuing lower capital-intensive opportunities across the industry. An overview of the group's Mining Services businesses is set out below:

BTP

Perenti (then Ausdrill) acquired BTP in 2012. BTP is an Australian based mining services provider that supplies parts, equipment and maintenance services to the mining, earth-moving, and construction industries. Headquartered in Perth, Western Australia, BTP also has specialist facilities located near Australia's major mining hubs, including Mackay, Queensland, and Mount Thorley, New South Wales.

Logistics Direct

Logistics Direct provides ground, air and sea freight forwarding services along with customs brokering throughout Africa. The business specialises in the transport of mining, industrial, manufacturing, oil and gas, and medical equipment, and consumables. Logistics Direct is headquartered in Ghana, West Africa. Logistics Direct works closely with the group's Contract Mining Division to support their client's activities.

Supply Direct

Supply Direct offers complete supply chain management services, including mine procurement and mine logistics. Supply Direct is based in Johannesburg, South Africa. Supply Direct provide a range of mining related equipment from large-scale equipment through to parts and consumables. Supply Direct works closely with the group's Contract Mining Division to support their clients' activities.

6.4 idoba

Perenti's idoba Division incorporates technology businesses that provide unique end-to-end digital, technology and consulting services designed to transform and disrupt the mining industry. Perenti's idoba Division brands include idoba and Orelogy. An overview of these businesses is set out below:

idoba

Perenti launched idoba in 2021, as a new technology-driven service offering for the mining industry that would leverage in-house technology and data expertise to add value to its global mining services activities. The idoba team has been formed by combining businesses that Perenti has acquired, including Sandpit Innovation, ImpRes, Optika Solutions and Atomorphis. Collectively, these businesses have capabilities in data science, automation, mine and processing optimisation, digital transformation and sustainability.

In August 2022, Perenti announced that it had successfully executed a share sale agreement in relation to a strategic investment by Sumitomo Corporation ('**Sumitomo**') in idoba. Under the Agreement, Sumitomo agreed to acquire 10% of the issued shares in idoba for a total of $5.4 million. The investment follows a Memorandum of Understanding ('**MOU**') that was announced between the two companies in February 2022. Under the terms of the MOU, Sumitomo and idoba are to collaborate and jointly develop digital mining services, including mining process optimisation and carbon footprint management services.

Orelogy

Established in 2005, Orelogy offers a range of professional services that include study and project management, open pit and underground mine design, scheduling, technical reporting, ore reserve estimates, due diligence, cost modelling, equipment assessment and ongoing site support to mining operations. Orelogy has a diverse range of clients located in Australia, Africa, Canada and Asia. Perenti acquired Orelogy in 2022 to help expand its suite of technology driven products and services to meet the mining industry's demand for sustainability and improved operational performance outcomes.

6.5 Dugald River incident

In February 2023, Perenti announced that an incident had occurred at MMG Limited's ('**MMG**') Dugald River underground mine in Queensland resulting in three Barminco employees, one in a drill rig and two in a light vehicle, falling approximately 15 metres into a void within a previously backfilled stope. The drill rig operator was rescued and received medical treatment for minor injuries. Tragically, the two other

Barminco employees, were fatally injured. A comprehensive investigation of the incident has since commenced, and Perenti noted that it would continue to work with MMG and authorities to understand how the incident occurred.

In March 2023, Perenti announced that it had established a safety transformation taskforce as part of the group's continued commitment to safety. The taskforce would be supported by safety focused working groups within Perenti's Contract Mining and Mining Services divisions. The findings and outcomes of the taskforce are expected to complement and enhance the body of work undertaken by Perenti in this area.

6.6 Recent Corporate Events

Debt Financing

On 8 October 2020, Perenti announced that it had completed a Guaranteed Senior Notes Offering of US$450 million, to qualified institutional buyers in the United States and to certain persons outside the United States, in accordance with the United States Securities Act of 1933 ('**Perenti Notes'**). The Perenti Notes pay interest on 7 April and 7 October each year at a rate of 6.5% per annum and will mature on 7 October 2025. The Perenti Notes are unsecured, but are guaranteed by Perenti and a number of its other subsidiaries. The Perenti Notes are quoted on the Singapore Stock Exchange. The carrying balance of the Perenti Notes at 31 December 2022 was $635.2 million.

On 23 June 2022, Perenti announced that it had secured a new $420 million syndicated debt facility, refinancing its existing facilities due to mature in 2023. The new $420 million syndicated debt facility ('**Facility**') was provided by a number of leading lending institutions in the global banking market. The Facility is a revolving and floating line of credit comprised of a spread of maturity dates over two to five years. As at 31 December 2022, 53% of the Facility was drawn down.

Share buy-back program

On 7 June 2022, Perenti announced that the board of directors had approved the establishment of an on-market share buyback program, in line with the group's capital management policy, of up to 10% of the shares on issue ('**Share Buy-Back Program'**). The Share Buy-Back Program would run over a 12-month period and give Perenti the ability to purchase shares on market, within the '10/12 limit' under the Corporations Act. At completion of the Share Buy-Back Program, Perenti had bought back 25.2 million shares for consideration of $22.5 million, all paid in cash.

Bond buy-back

Given the impact on global bond prices caused by rising interest rates and uncertain macroeconomic conditions, Perenti elected to repurchase $26.8 million (US$17.1 million or 3.8%) of its Perenti Notes on market at approximately 91.5% of their face value in October 2022. The group expects the buy-back to result in savings of $6.7 million over the remaining term of the Perenti Notes, assuming a constant USD to AUD foreign exchange rate over the term.

Portfolio management and rationalisation activities

As part of its capital management and rationalisation activities, Perenti has recently divested several of its non-core businesses and assets, including:

- **Chrysos Corporation Limited ('Chrysos')** – In April 2022, Perenti announced that it had entered into a Sale Implementation Deed to sell up to 100% of its shares in Chrysos through the Initial

Public Offering ('**IPO**') of the business. In May 2022, the Chrysos IPO process concluded with Perenti successfully selling its entire holding of Chrysos shares at a price of $6.50 per share, delivering a cash inflow to the Group of $46.3 million, before fees and costs.

- **Well Control Solutions**- In May 2022, Perenti announced it had successfully completed the divestment of its onshore oil and gas supply subsidiary, Well Control Solutions, to a privately owned Brisbane based buyer for consideration of approximately $2.6 million.
- **MinAnalytical Laboratory Services Australia Pty Ltd ('MinAnalytical')** - In December 2021 Perenti announced the divestment of MinAnalytical, a subsidiary of Perenti, to ALS Limited. The total consideration for the transaction was $43.6 million in cash.
- **Non-core property assets** – this included the assets and inventory in African Mining Services Mali Sarl which were sold for total consideration of $9.3 million, following the group's decision to strategically exit Mali. The group also decided to sell the property, plant, equipment and inventory in its 100% owned subsidiary Power Solutions Africa Sarl in Senegal for total consideration of $6.2 million.
- **Connector Drilling assets -** In 2019, Perenti (then Ausdrill Limited) sold various waterwell drilling assets (and associated inventory) used by Ausdrill to conduct its hydrogeological drilling business known as 'Connector Drilling' for cash consideration of $16 million.

6.7 Historical Statements of Financial Position

Statement of Financial Position	Reviewed as at 31-Dec-22 $'000	Audited as at 30-Jun-22 $'000	Audited as at 30-Jun-21* $'000
CURRENT ASSETS			
Cash and cash equivalents	322,471	348,519	264,741
Trade and other receivables	390,095	391,101	325,893
Inventories	227,542	212,119	214,411
Current tax receivables	11,433	12,546	10,545
Assets classified as held for sale	6,200	7,488	28,894
TOTAL CURRENT ASSETS	**957,741**	**971,773**	**844,484**
NON-CURRENT ASSETS			
Property, plant and equipment	941,847	926,320	716,667
Right-of-use assets	44,950	59,305	74,691
Intangible assets	638,677	652,207	678,814
Deferred tax assets	162,776	170,239	147,741
Receivables	13,376	9,430	4,889
Financial assets at FVOCI	-	-	25,536
TOTAL NON-CURRENT ASSETS	**1,801,626**	**1,817,501**	**1,648,338**
TOTAL ASSETS	**2,759,367**	**2,789,274**	**2,492,822**
CURRENT LIABILITIES			
Trade and other payables	327,749	393,298	260,311
Borrowings	1,851	2,172	3,268
Lease liabilities	20,821	27,943	24,537
Current tax liabilities	25,999	15,002	14,659
Employee benefit obligations	76,026	79,722	70,719
TOTAL CURRENT LIABILITIES	**452,446**	**518,137**	**373,494**
NON-CURRENT LIABILITIES			
Borrowings	844,388	843,492	690,923
Lease liabilities	21,887	28,250	49,272
Deferred tax liabilities	69,095	72,240	78,135
Employee benefit obligations	5,447	4,263	2,870
Provisions	228	532	65
TOTAL NON-CURRENT LIABILITIES	**941,045**	**948,777**	**821,265**
TOTAL LIABILITIES	**1,393,491**	**1,466,914**	**1,194,759**
NET ASSETS	**1,365,876**	**1,322,360**	**1,298,063**
EQUITY			
Contributed equity	1,126,135	1,137,030	1,137,783
Other reserves	(45,026)	(56,027)	(10,594)
Retained earnings	270,598	230,937	160,986
Capital and reserves attributable to the owners of Perenti	**1,351,707**	**1,311,940**	**1,288,175**
Non-controlling interests	14,169	10,420	9,888
TOTAL EQUITY	**1,365,876**	**1,322,360**	**1,298,063**

Source: Perenti's audited financial statements for the years ended 30 June 2021 and 30 June 2022 and reviewed financial statements for the half year ended 31 December 2022

*Restated due to decisions issued by the International Financial Reporting Standards Interpretations Committee in relation to guidance on *AASB 138 Intangible Assets*. As a result of these decisions, Perenti updated its accounting policy for software-as-a-service related intangibles. The new policy was introduced by the group for the financial year ended 30 June 2022 and retrospectively applied to Perenti's consolidated financial statements for the year ended 30 June 2021.

Commentary on Historical Statements of Financial Position

- Cash and cash equivalents decreased from $348.5 million as at 30 June 2022 to $322.5 million as at 31 December 2022. The decrease of approximately $26.0 million was primarily the result of 'stay in business' capital expenditure of $101.6 million, growth capital expenditure relating to Motheo, Zone 5 and Cowal of $63.6 million and payments for the buy-back of Perenti Notes and shares, totalling $38.8 million. These outflows were partly offset by net operating cash flows of $158.4 million, proceeds from the sale of property plant and equipment of $13.3 million and proceeds from the sale of assets of $10.1 million following the group's strategic exit from Mali.
- During the half-year ended 31 December 2022, the Group decided to sell the property, plant, equipment and inventory in its 100% owned subsidiary Power Solutions Africa Sarl for total consideration of $6.2 million. In accordance *with AASB 5 Non-current Assets Held for Sale and Discontinued Operations*, $5.0 million of the property, plant and equipment and $1.2 million of inventory was therefore disclosed as 'Assets classified as held for sale'.
- Intangible assets of $638.7 million at 31 December 2022 comprised goodwill, software and customer related intangibles. The goodwill balance includes goodwill recognised following the Barminco acquisition and the acquisition of the idoba group of companies. The goodwill recognised from these transactions is not amortised, but it is tested for impairment annually (or more frequently if events or changes in circumstances indicate that it might be impaired) and is carried at cost less accumulated impairment losses. Similarly, the customer related intangibles balance includes customer contracts that were acquired as part of the Barminco acquisition. These contracts were recognised at their fair value at the date of acquisition and were subsequently amortised on a straight-line basis over the timing of projected cash flows from the contracts over their estimated useful lives.
- Non-current borrowings of $844.4 million at 31 December 2022 primarily include unsecured Perenti Notes with a carrying value of $635.2 million and funds drawn under the Facility totalling $214.5 million.
- Deferred tax assets largely relate to recognised tax losses ($146.1 million at 30 June 2022) and employee benefits ($28.9 million at 30 June 2022).
- Deferred tax liabilities primarily relate to intangible assets, being the acquired customer relationships ($50.4 million at 30 June 2022), which is largely offset by a deferred tax provision which relates to the uncertainty of tax outcomes in certain tax jurisdictions.

6.8 Historical Statements of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half year ended 31-Dec-22 $'000	Audited for the year ended 30-Jun-22 $'000	Audited for the year ended 30-Jun-21 $'000
Revenue from ordinary activities	1,438,510	2,437,656	2,087,542
Other income	24,944	47,251	9,091
Materials expense	(450,595)	(734,512)	(628,091)
Labour costs	(572,315)	(1,037,993)	(875,850)
Rental and hire expense	(27,868)	(45,306)	(18,177)
Depreciation expense	(144,242)	(250,120)	(222,230)
Amortisation expense	(17,223)	(29,042)	(39,303)
Finance cost	(33,389)	(56,316)	(63,452)
Finance income	2,678	397	495
Other expenses from ordinary activities	(134,556)	(238,531)	(227,656)
Impairment of assets	(4,728)	(23,162)	(70,563)
Profit/(loss) before income tax	**81,216**	**70,322**	**(48,194)**
Income tax expense	(37,181)	(27,836)	(4,109)
Profit/(loss) for the period	**44,035**	**42,486**	**(52,303)**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Exchange losses on translation of foreign operations	(585)	(26,497)	(680)
Exchange gains/(losses) on translation of foreign operations - non controlling interests	206	1,185	(508)
Items that will not be reclassified to profit or loss:			
Loss on revaluation of land and buildings, net of tax	-	-	(175)
Gain on revaluation of FVOCI financial assets, net of tax	-	21,762	1,333
Other comprehensive loss for the period	**(379)**	**(3,550)**	**(30)**
Total comprehensive income/(loss) for the period	**43,656**	**38,936**	**(52,333)**
Total comprehensive income/(loss) attributable to equity holders of Perenti	39,076	35,923	(54,662)
Total comprehensive income attributable to non-controlling interests	4,580	3,013	2,329
Total comprehensive income/(loss) for the period	**43,656**	**38,936**	**(52,333)**

Source: Perenti's audited financial statements for the years ended 30 June 2021 and 30 June 2022 and reviewed financial statements for the half year ended 31 December 2022

Commentary on Historical Statements of Profit or Loss and Other Comprehensive Income

- Revenue of $1.4 billion for the half year ended 31 December 2022 was higher than both prior half year periods, primarily due to the ramp-up of growth projects, strong operational performance, improved project commercials, favourable foreign currency movements and easing of COVID headwinds. Revenue for the half year ended 31 December 2022 comprised underground contract mining revenue of $1.0 billion, surface contract mining revenue of $340.6 million and mining services and idoba revenue of $95.6 million. The 16.8% growth in revenue from the year ended 30 June 2021 to the year ended 30 June 2022 was driven by growth in the Contract Mining Division, in particular those projects within tier one mining jurisdictions such as Australia, Botswana and North America. The growth in revenue across each of the above periods was also facilitated by increased pricing for Perenti's services as the group was able to pass on a portion of its increased costs to its customers.

- Labour costs as a percentage of revenue remained stable at 42.0% for the year ended 30 June 2021 and 42.6% for the year ended 30 June 2022, however there was a decrease to 39.8% for the half year ended 31 December 2022 which is a reflection of labour efficiency as well as Perenti's ability to increase its pricing.
- Impairment of assets for the half year ended 31 December 2022, totalling $4.7 million, arose as a result of Perenti agreeing to sell property, plant, equipment and inventory of Power Solutions Africa Sarl at a price below the carrying values of the property, plant, equipment and inventory.
- The impairment expense for the year ended 30 June 2022 of $23.2 million related to the value of the customer contracts that were acquired as part of the Barminco acquisition in 2019. Specifically, the impairment related to the impairment of the remainder of the value of the Sukari contract in Egypt. An impairment assessment over the remaining customer related intangibles and no further impairment indicators were identified.
- The impairment expense for the year ended 30 June 2021 largely pertained to property, plant and equipment and inventory in the surface mining business' operations in Africa. There was also an impairment of $8.1 million in relation to property, plant and equipment used in BTP.

6.9 Capital Structure

The ordinary shares held by the most significant shareholders as at 27 July 2023 are detailed below:

Name	No. of Ordinary Shares	Percentage of Issued Shares (%)
Dimensional Fund Advisors	39,950,540	5.86%
The Vanguard Group	34,452,089	5.05%
Subtotal	**74,402,629**	**10.91%**
Others	607,769,679	89.09%
Total ordinary shares on Issue	**682,172,308**	**100.00%**

Source: Scheme Booklet, dated 27 July 2023

The other securities on issue in Perenti as at 18 July 2023 are set out below:

	Number on Issue
Performance rights	32,383,629
Retention rights	3,240,473
Short-term incentive rights	1,641,471
Total rights on issue	**36,029,106**

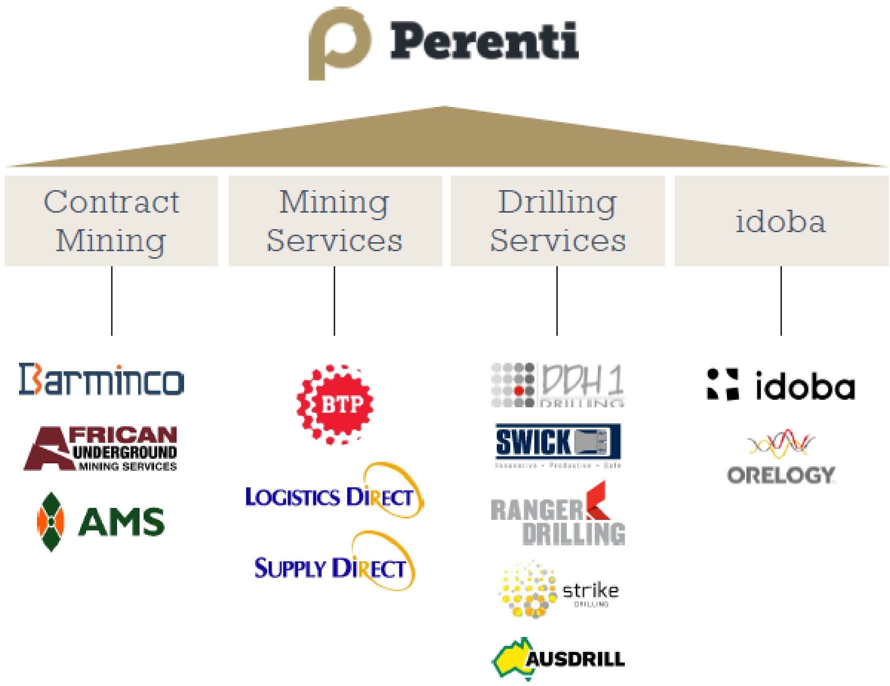
Source: Scheme Booklet, dated 18 July 2023

7. Profile of the Combined Group

Upon implementation of the Scheme, the Combined Group will represent the combined operations of Perenti and DDH1.

7.1 Business Units

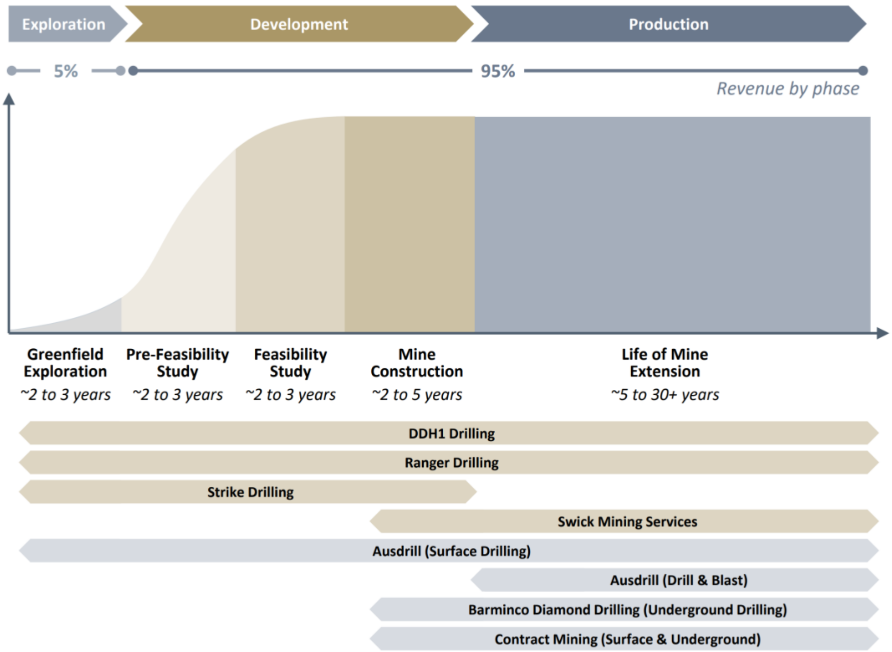
The Combined Group will comprise the following divisions:



Source: Scheme Booklet

DDH1's business units (being DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick Mining Services) and Perenti's Ausdrill business will form a newly created drilling services division ('**Drilling Services Division**'), which will be led by Sy Van Dyk, current Managing Director and CEO of DDH1.

The collated business units will ensure the Combined Group is exposed to, and diversified across, the entire mining cycle. The Combined Group's exposure to each drilling phase over the life of mine is illustrated below:



Source: Scheme Booklet

7.2 Board of Directors

Following the implementation of the Scheme, the board of directors is intended to be:

- Mark Norwell - Managing Director and CEO (Perenti);
- Robert Cole - Non-Executive Chair (Perenti);
- Alexandra Atkins - Non-Executive Director (Perenti);
- Tim Longstaff - Non-Executive Director (Perenti);
- Andrea Hall - Non-Executive Director (Perenti);
- Craig Laslett - Non-Executive Director (Perenti);
- Diane Smith-Gander AO - Non-Executive Director (DDH1); and
- Andrea Sutton - Non-Executive Director (DDH1).

If the Scheme is implemented, it is anticipated that Mr Sy Van Dyk (current Managing Director and Chief Executive Officer of DDH1) will be appointed as President of the newly formed Drilling Services Division. The DDH1 brands will retain their general management teams, and Perenti's existing management team will remain in their existing roles.

7.3 Stock exchange listing

Following the implementation of the Scheme, DDH1 will become a wholly owned subsidiary of Perenti and the Combined Group will continue to be listed on the ASX, under Perenti's ASX code, PRN.

8. Economic analysis

DDH1 and Perenti are primarily exposed to the risks and opportunities of the Australian market through their operations and listings on the ASX. Perenti also derives a high proportion of revenue from operations throughout Africa, with projects in Botswana, Burkina Faso, Ghana, Mali, Senegal and Tanzania.

As such, we have presented an analysis on the Australian economy and the African countries in which Perenti has operations, to the extent that it relates to considerations for our assessment.

8.1 Australia

In its July 2023 Monetary Policy Decision, the Reserve Bank of Australia ('**RBA**') made the decision to leave the cash rate target unchanged at 4.10%. Since May 2022, the RBA has increased the interest rates by four percentage points, with the intention of easing inflationary pressures and returning inflation to its target rate within a reasonable timeframe. The decision in July to hold the interest rate was aimed to provide some time for the RBA to assess the impact of interest rate rises to date on key macroeconomic indicators.

Inflation reached 7.8% over the 2022 calendar year, the highest year-end inflation figure since 1990, and significantly higher than the RBA's inflation target of 2-3%. The RBA stated in its July statement that the decline in the monthly consumer price index ('**CPI**') indicator for May 2023 suggested that inflation has since passed its peak in Australia. However, the RBA considers that inflation is still too high at its current rate of 7.0%, and predicts that it will remain at this level for some time before returning to the target range. Mineral drilling service companies are not immune to the effects of inflation, with rising drilling and corporate costs impacting the level of capital required to fund exploration programs.

According to the RBA, growth in the Australian economy has also slowed. Currently, the combination of heightened interest rates and cost-of-living pressures has led to a substantial deceleration in household spending. As a result, equity market conditions, particularly for retail investors have dampened with the decline in discretionary income.

Among major economies around the world, the rebound from the COVID-19 pandemic waned throughout 2022, which contributed to a slowdown in the global economy. Like many advanced economies, high inflation and energy prices have weighed on demand in Australia. In addition, it is anticipated in 2023-24 that Gross Domestic Product ('**GDP**') growth in Australia's key trading partners will remain substantially below historical norms. However, downside risks to growth in the major global economies have lessened in recent months, supported by China's reversal of its COVID-19 measures in December 2022, which has stabilised the supply chain recovery trajectory.

The recent banking system crisis in the United States and Switzerland has resulted in volatility in financial markets and a reassessment of the outlook for global interest rates. These problems are also expected to influence tighter financial conditions, forming an additional headwind for the global economy. However, the RBA considers the Australian banking system to be strong, well capitalised and highly liquid. It is, therefore, well placed to provide the credit that the economy needs, albeit at higher interest rates compared to the rates during the pandemic. This may form part of the consideration for DDH1 and Perenti in assessing potential future funding for their operations.

Conditions in the labour market have eased, although remain very tight. Firms report that labour shortages have lessened, yet job vacancies and advertisements are still at very high levels. The unemployment rate at 3.6% remains close to a 50 year low, consequently, wage growth is stated to be increasing in response to the tight labour market and high inflation.

The current labour market is a key consideration for DDH1 and Perenti in their ability to service additional contracts. Whilst opportunities for new work may be available, sourcing for labour in the mining industry is likely to remain constrained for the medium term. Furthermore, a tight labour market may make it more difficult for companies to source skilled labour and advance exploration.

Outlook

Economic growth in Australia is forecast to be hampered by rising interest rates, higher living costs and declining real wealth. As a result, the forecast declining trajectory of inflation in Australia remains uncertain and the high inflation environment is expected to continue weighing on real household incomes for the short term. The composition of inflation in Australia is also likely to shift, with higher inflation expected in more persistent and non-discretionary items, such as rent, in the coming years. However, despite inflationary concerns, aggregate household incomes have been sustained by solid labour demand, which has underpinned the health of household balance sheets. Although the balance of risks has improved in recent months, the pathway forward remains uncertain, with upside and downside scenarios equally plausible.

Source: www.rba.gov.au Statement by Phillip Lowe, Governor: Monetary Policy Decision dated 4 July 2023 and prior periods, www.rba.gov.au Statement on Monetary Policy June 2023 and prior periods, and BDO analysis.

8.2 Africa

African economies have consolidated their recovery from the COVID-19 pandemic, amidst uncertain global economic conditions characterised by tight financial markets, continuing spill over effects from the Russia and Ukraine conflict and subdued global economic growth. Economic growth for Africa in 2022 was estimated at 3.8%, slightly lower than the 4.8% in 2021 but higher than the global average of 3.4%.

The forecast is for positive and stable growth for the African economies, projecting a rebound to 4% in 2023 and further consolidation to 4.3% in 2024. The forecast is considering expected improvements in global economic conditions, fuelled by China's reopening and the expected loosening of monetary policy stances once inflation is tapered. The growth outlook for the African continent does differ between regions.

In Central Africa, growth is projected to decline from 5% in 2022 to 4.9% in 2023 and 4.6% in 2024. The decline can be attributed to an expected downward trend in non-oil commodity prices, as Central Africa heavily relies on commodity exports. East Africa is expected to experience strengthened growth, increasing from 4.4% in 2022 to 5.1% in 2023 and 5.8% in 2024. Most countries in this region are commodity importers and are expected to benefit from the lower commodity prices.

Southern Africa is expected to experience growth decreasing from 2.7% in 2022 to 1.6% in 2023. However, it is expected that this may recover to 2.7% in 2024 with appropriate policy interventions. This decline in 2023 is primarily due to the weak growth of South Africa, the largest economy in the region, facing challenges including high interest rate and persistent power outages. Despite macroeconomic challenges in some of the region's large economies, West Africa's growth is projected to rise from 3.8% in 2022 to 3.9% in 2023 and 4.2% in 2024.

The growth outlook also varies between the countries with different economic groupings. Oil-exporting countries have experienced growth due to higher oil prices, projected to strengthen from 4.0% in 2022 to 4.2% in 2023 and 2024. However, other resource-intensive economies are expected to see a decline in growth from 3.0% in 2022 to 2.4% in 2023, before the expectation of a recovery to 3.5% in 2024. The slowing of growth in 2023 is attributed to limited diversification and a forecast decline in the prices of key minerals, amid weak global growth.

Inflation in Africa reached 14.2% in 2022 and expected to be 15.1% in 2023 and 9.5% in 2024. This increase is attributed to supply constraints, energy import dependence, and the influence of a stronger US dollar on exchange rates.

The sustained tightening of global financial conditions has put pressure on national currencies in Africa. While some currencies appreciated, the overall trend suggests continued downward pressure on African currencies due to the strengthening US dollar. This has been a contributor to elevated levels of inflation across Africa, with the cost of US dollar denominated imports increasing. During 2022, countries which are net commodity exporters experienced their currencies depreciating significantly against the US dollar, because of monetary policy tightening and domestic macroeconomic imbalances.

Africa has an abundance of strategic minerals and energy products, which has seen strong demand from international mining companies seeking alternative supplies. Competition for energy resources intensified in 2022, with many European countries attempting to diversify away from Russian's oil and gas supplies given the conflict with Ukraine. Africa is also home to large deposits of critical 'transition minerals' such as copper, cobalt, graphite, lithium and nickel, which has attracted demand amongst the decarbonisation movement.

The political instability of many of the African countries introduces additional risk for companies operating in those jurisdictions. Some African countries face challenges including corruption, weak governance, inadequate enforcement of mining and safety regulations and safety risks.

A summary of the economic conditions of the countries in which Perenti has operations is set out below:

8.2.1. Botswana

Botswana's GDP has rebounded since the COVID-19 pandemic. GDP growth was 5.8% in 2022, driven by a recovery in the diamond market, government policies supporting consumption, and a successful COVID-19 vaccination drive. GDP growth is expected to moderate to 4% in 2023, despite high diamond prices and the ramping up of copper production. Inflation remains high, with average inflation of 12.2% in 2022. Current inflation is well above the Bank of Botswana's objective range of 3% to 6%, predominantly caused by high global commodity prices. Inflation is projected to decrease to 5.8% in 2024, aligning with the central bank's target range.

Perenti has two main operations in Botswana, Sandfire Resources Limited's Motheo Copper Project in which Perenti provides open pit mining services through AMS and the Zone 5 project owned by Khoemacau Copper Mining in which AUMS provides underground mining services.

8.2.2. Burkina Faso

Burkina Faso experienced a decline in GDP growth, dropping to 3.2% in 2022 from 6.9% in 2021. The contraction in the rate of output growth was primarily driven by socio-political instability and military coups posing challenges to the country's economic development. Real GDP growth is projected to rebound to 3.7% in 2023 and 3.9% in 2024. Inflation rose to 14.4% in 2022 and it is anticipated that the restrictive monetary policy implemented by the Central Bank of West African States, will lead to inflation decreasing to 6.1% in 2023 and to further decline to 3.7% in 2024.

Perenti has three operations in Burkina Faso and through AUMS, provides underground mining services.

8.2.3. Ghana

Ghana experienced a slowdown in GDP growth in 2022, decreasing from 5.4% in 2021 to 3.3% in 2022. This slowing of the growth of the Ghanaian economy can be attributed to macroeconomic instability, global financial tightening, and the spill over effects of Russia's invasion of Ukraine. Real GDP growth is projected to fall to 1.7% in 2023 before recovering to 3.0% in 2024. Inflation is a significant problem in Ghana with inflation increasing to 31.5% in 2022, compared to 10% in 2021. This was mainly on the back of higher food and energy prices, as well as the depreciation of the local currency. In response, the Bank of Ghana tightened monetary policy, raising the policy rate from 14.5% in 2021 to 27% in 2022. Inflation is expected to remain elevated at 44.7% in 2023, with a subsequent decline expected to 20.4% in 2024.

Perenti has multiple operations in Ghana:

- AUMS (through its joint venture partnership with Rocksure International) has a five-year contract at Newmont Corporation's Subika Underground Mine whereby AUMS will undertake all underground development and production activities, diamond drilling and associated support services.
- AMAX (joint venture between AMS and Ghanaian mining services company, MAXMASS Limited) has a five-year contract at AngloGold Ashanti's Iduapriem Gold Mine. AMAX has provided hard rock surface mining services at the mine since July 2021; and
- Perenti's Mining Services Division business Logistics Direct is headquartered in Ghana.

8.2.4. Senegal

Senegal experienced a decline in GDP growth in 2022, dropping to 4.0% from 6.5% in 2021. This decrease was primarily attributed to the impact of Russia's invasion of Ukraine, and the flow on effects to primary and secondary sectors. GDP growth is expected to see an increase to 5% in 2023 and 9.8% in 2024, driven by an upturn in agricultural output and anticipated oil production. Inflation reached a record high of 9.7% in 2022, largely driven by soaring food prices. The Central Bank of West African States have implemented various measures, inclusive of revising the minimum liquidity injection rate and the marginal lending rate, to mitigate inflation to an expected 3.4% in 2023.

Perenti's primary operation in Senegal is the Mako Gold Mine, where it has provided hard-rock surface mining activities at the site since 2017.

8.2.5. Tanzania

Tanzania's GDP growth decreased to 4.7% in 2022 compared to 4.9% in 2021. The decline was primarily due to the Russia/Ukraine conflict affecting food and energy prices. GDP growth is expected to increase to 5.3% in 2023, supported by a recovery in tourism and the gradual stabilisation of supply and value chains. Inflation rose to 4.3% in 2022, driven by higher food and fuel prices. Inflation is projected to increase to 4.7% in 2023, however, it is then projected to moderate to 4.0% in 2024, supported by improved agricultural performance.

Perenti has two main operations in Tanzania, AngloGold Ashanti's Geita Hill and Nyankana projects, where AUMS and Barminco provide underground mining services.

Source: African Economic Outlook 2023, https://www.bceao.int/en Central Bank of West African States Monthly Statistical Bulletin April 2023, and BDO analysis.

9. Industry analysis

DDH1 and Perenti operate within the contract mining service industry. DDH1 primarily provides drilling services in Australia whereas Perenti is a diversified mining services group servicing clients in Australia and overseas, primarily in Africa and North America.

As such, we have presented an industry analysis on the contract mining service industry as a whole, as well as a focused analysis on the drilling industry. Activity in the exploration sector feeds through to the mining industry and the demand for contract mining services and drilling, as such, we have also included an analysis on the Australian exploration sector.

9.1 Contract mining service industry

The contract mining services industry performs the core stages of mining operations as third parties on a fee or contract basis. Contract miners supply either or both machinery and skilled employees to undertake mineral resource extraction activities at mining sites.

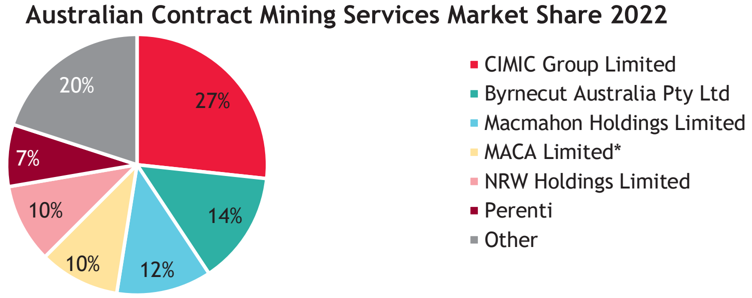
The majority of industry demand is driven from gold, iron ore, nickel, copper and other base and polymetallic mining in Australia. Actual capital expenditure also impacts demand for this industry as it reflects whether mining companies are likely to outsource their core mining activities. Additionally, the US dollar (‘**USD**’) per Australian dollar (‘**AUD**’) affects expected returns for mining companies as commodity prices are generally denominated in USD.

According to IBISWorld, the industry growth is currently constrained due to labour shortages caused by strong growth in the previous year. Recovering commodity prices and strong demand for Australia’s mineral resources in export markets have supported mining activity over the past three years. Overall, Industry revenue is still expected to rise at an annualised 1.7% to $13.9 billion by 2027.

Australian Market

IBISWorld data shows that the Australian contract mining services industry is currently dominated by six major players based on their share of industry revenue. These major players account for 74% of total industry revenue, while minor players account for the remaining 24%. The key industry players and their respective market share are illustrated in the chart below:

Australian Contract Mining Services Market Share 2022



**MACA Limited was acquired by Thiess in late October 2022 and Thiess is an operating subsidiary of CIMIC Group through a joint venture.*
Source: IBISWorld, October 2022.

As shown above, market concentration is moderate with the industry comprising a small number of large operators and many smaller operators. To provide value to mining companies, contract miners typically need to achieve significant economies of scale and scope. Major mining companies tend to favour large contract mining firms, as these firms have access to experienced staff, a larger workforce and extensive mining equipment. This results in a challenge for smaller industry operators with less diversified service offerings to earn contracts in the mining sector, which is already limited and subject to movements in the mining cycle.

DDH1 and Perenti will form a combined group that will provide a complete range of underground and surface drilling services, across the life cycle of a mining project. According to IBIS World, Perenti currently holds a 7% share of the Australian contract mining services industry revenue, which is likely to increase with the acquisition of DDH1's operations and associated synergies.

Outlook

Conditions in the contract mining services industry are expected to remain positive over the next five years. The rise in actual capital expenditure on mining and strong export demand for Australian resources is supporting this positive movement. The base metal price index is also forecast to increase modestly over the next five years, accompanied with forecasts for strong iron ore production volumes, which will benefit the contract mining service providers for the period. However, uncertainty surrounding trade tensions between Australia and China and the Russia-Ukraine conflict may cause downward pressure on Australian exports and commodity prices could lead to growth being stifled.

Over the next five years, the interaction between demand and supply is likely to be weighted towards greater demand and will likely increase demand for outsourced mining services. As such, annual growth is projected to be approximately 1.8% from 2023 to 2028, boosting industry revenue from $13.9 billion to $15.2 billion.

Mining and mining services in Africa

The mining sector in Africa presents significant opportunities for the contract mining services industry. Demand for contract mining services in Africa is expected to continue growing in the coming years. The region is rich in mineral deposits which continues to attract mining companies seeking cost-effective and diversified mining operations.

Operating mining companies in Africa are increasingly focusing on their core competencies, while outsourcing mining operations to specialised contract miners in order to optimise their operational efficiency and reduce costs. Ongoing infrastructure development within Africa promotes demand for contract mining services as improving logistical operations increase mining activity and subsequently demand for this industry.

Regulatory and political uncertainties continue to be a challenge for the industry. Uncertainty surrounding mining policies, evolving legislation and safety risks within the region impact stability and growth of the industry.

Perenti has well established operations throughout Africa, with thirteen projects across five countries. The African market provides opportunities for the Combined Group and provides international diversification to DDH1's current market exposure which is largely centred around Australian mining projects.

Source: IBISWorld, *Report OD1099 Contract Mining Services in Australia*, October 2022. Perenti Annual Report, June 2022. World Bank, Mining in Africa. Are Local Communities Better Off? 2017.

9.2 Drilling industry

The drilling industry within the Australian mining services sector is a critical component of mineral exploration, resource development, and extraction activities.

The securing of contracts is highly competitive in the industry, which can often squeeze margins. The shortage of skilled labour is also a major constraint of the industry which has previously contributed to an increase in wages which, depending on the competitiveness of that market, may or may not have been able to be passed onto project owners. The performance of companies operating in the drilling industry is dependent on the access to skilled workers, proximity to key markets (which can improve companies' visibility and response times) and innovation and technology of the company's fleet.

Exploration drilling is a critical phase in the mining process, where drilling techniques such as diamond drilling, reverse circulation drilling, and air core drilling are employed. These methods identify the presence, quality, and extent of mineral resources, providing insights into the geology and economic viability of the project. Exploration drilling is highly cyclical, with exploration spending impacted by movements in exploration related costs, commodity price fluctuations and is heavily linked to the ability to attract funding. This is because exploration companies largely rely on the capital contributed by shareholders in order to fund drilling programs. If the ability to raise capital becomes constrained, this will quickly transfer to a decrease in demand for exploration drilling. For a more advanced project, once the mineral deposits are confirmed, production resource definition drilling takes place to extract the resources efficiently. Further, resource definition drilling will often continue around the outskirts of a producing mine in order to continue to add to the mineral resource and extend the life of mine.

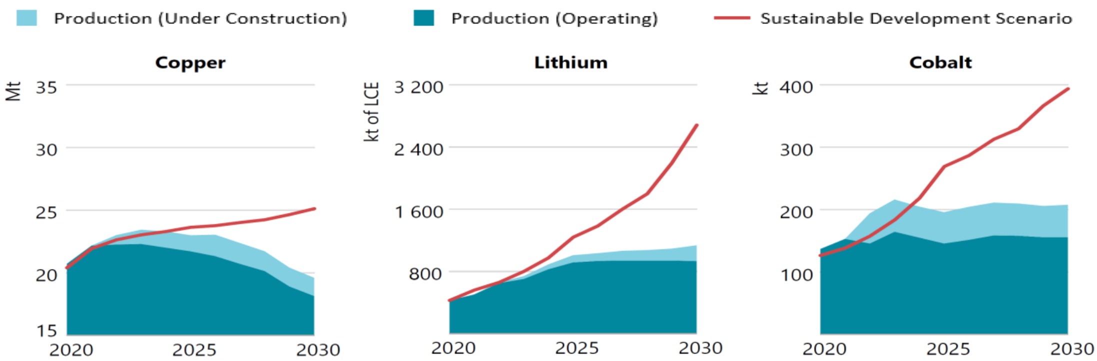
DDH1 predominantly undertakes production and resource definition drilling, contributing 87% of revenue in FY22. Production drilling is typically less cyclical than exploration drilling but DDH1 maintains a balanced revenue profile through selective exposure to prospective greenfield exploration drilling. DDH1 gains its exposure across the mining value chain through its specialised drilling units.

As the drilling industry has matured, there has been an increased demand for more specialised drilling. The mining industry in general is transitioning from shallower to deeper deposits, with most of the near surface deposits being mined, which, given the more complex geology and drilling programs, more detailed information is required for mine planning. Directional drilling techniques are being utilised to access to ore bodies that are located beneath challenging geological formations or environmentally sensitive areas. Directional drilling techniques are leading to cost efficiencies through the ability to have multiple branch holes from one main hole.

DDH1 has a fleet with the technical capacity to undertake deep and complex drilling activities. The Australian drilling industry is highly fragmented, positioning specialist players to prosper with the upward trend in drilling and the extraction of deeper deposits.

The focus on decarbonisation and the rapid deployment of clean energy technologies as part of the energy transition has resulted in a significant increase in demand for battery metals. Drilling companies are positioned to benefit from the commodity supply deficit which is driving new and existing mine development. The requirement to meet demand is requiring strong investment growth to bring forward supply over the next decade. The figures below show the expected supply deficit between committed production and the International Energy Agency's ('**IEA**') expected sustainable development scenario:

Committed mine production and primary demand



Source: IEA (The Role of Critical Minerals in Clean Energy Transitions).

Copper, nickel and lithium are all expected to experience substantially increased activity over the coming decades. The IEA are estimating that global demand is to increase over the period from 2020 to 2040 by 2.7x, 41.9x and 19.4x for copper, lithium, and nickel, respectively. DDH1 has positioned itself to capitalise on the substantial demand for battery mineral as part of the energy transaction as well as the sustained stability of gold and iron ore. DDH1's revenue stream is predominantly driven from the drilling of gold, iron ore, copper and nickel projects, accounting for 92% of DDH1's revenue for the half year ended 31 December 2022.

Outlook

The demand for drilling services is closely tied to new mining activity, as well as the expansion of existing operations and related infrastructure. In Australia, this has been driven largely by the major iron ore, coal and gold projects which accounted for approximately 64% of commodity exports by value in 2021-2022. The global energy transition is likely to see increased activity in battery metals for the coming decades.

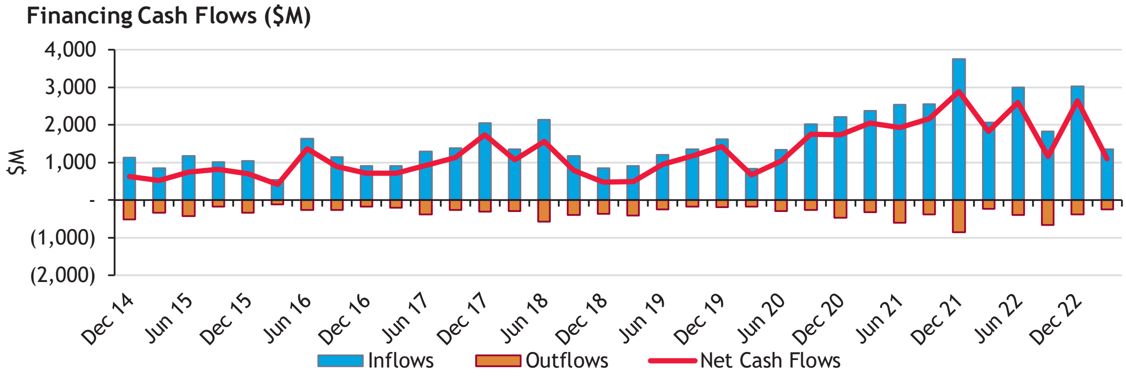
With global demand for commodities forecast to increase, this is likely to translate to an increase in the demand for the broader mining services sector. It is likely that this increased demand will also extend to the drilling industry as companies explore for new deposits and commit to large drilling programs to extend their existing mine lifes, in order to satisfy the rising demand for commodities.

Source: International Energy Agency Report, The Role of Critical Minerals in Clean Energy Transitions, May 2021. Australian Government, Department of Industry, Science and Resources, Resources and energy quarterly: March 2023.

9.3 Exploration sector

BDO reports on the financial health and cash positions of ASX-listed exploration companies based on the quarterly Appendix 5B reports lodged with the ASX. ASX-listed mining and oil and gas exploration companies are required to lodge an Appendix 5B report each quarter, outlining the company's cash flows, their financing facilities available and management's expectation of future funding requirements. BDO's report for the March quarter of 2023 suggests that volatile financial markets have constrained the ability of the sector to raise funds, which in turn, has resulted in subdued operations and investment.

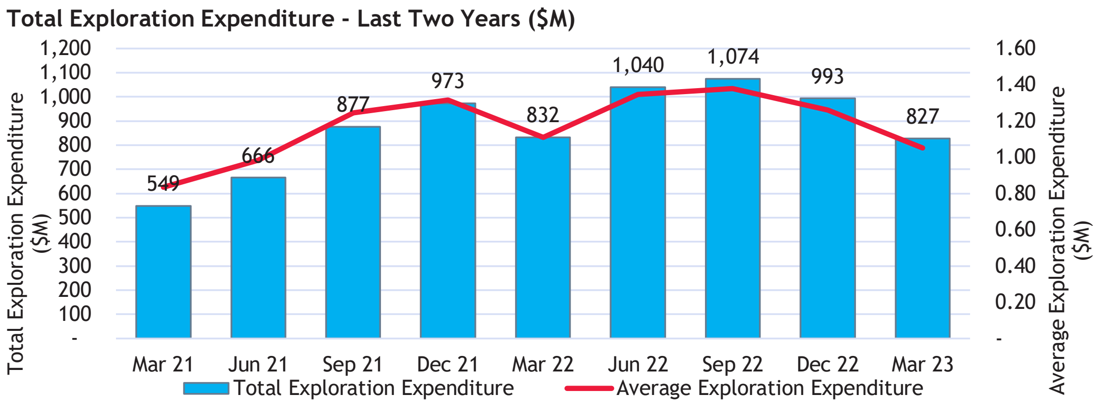
Financing cash inflows for the March 2023 quarter declined 55%, reaching $1.35 billion, while the average financing inflows per company dipped by 53% when compared to the two-year average. Notably, the proportion of companies raising over $1 million decreased as smaller-scale fund raises became more prominent. The observed trends indicate a distinct decline in the capacity to secure funding, which BDO attributes to growing stringency of prevailing market conditions.



In the March 2023 quarter, 34 companies (which we have termed '**Fund Finders**') raised capital exceeding $10 million, down from 51 in the previous quarter. The Fund Finders still underpinned the financing inflows for the March 2023 quarter, contributing 69% of the total funds raised by the sector, marginally down from the 76% in the December 2022 quarter. Within these fund raisings, gold explorers raised the most funds over the March 2023 quarter as persistent inflation, geopolitical uncertainty and market volatility continued to drive demand. Lithium and graphite explorers sourced the second and third most funds, respectively, as part of their application in the lithium-ion batteries and the EV supply chain.

Explorers' cash positions showed resilience despite inflationary pressure, with the average cash balance declining from $11.1 million in the December 2022 quarter to $10.2 million at the end of the March 2023 quarter. The overall cash position still remained strong when compared to historical levels, with 81% of exploration companies reporting a cash balance of over $1 million as at 31 March 2023, which is still significantly above the historical averages since the commencement of BDO's analysis in the June 2013 quarter.

Total exploration expenditure declined for the second consecutive quarter, receding from the record $1 billion spend in the June and September quarters of 2022. The March 2023 quarter's $827 million exploration spend represented a 17% decrease from the December 2022 quarter, with explorers seeking to manage their expenses more efficiently considering the rise in exploration costs and potentially subdued access to future funding. The average exploration spend per company reached a new low of $1.05 million since June 2021, but the range between $1.05 million and $1.38 million over the past year, remained high relative to historical levels.



The top ten exploration spending companies comprised four lithium companies, three oil and gas companies, two gold companies and one nickel-copper company. Gold and oil and gas typically account for the largest portion of the top 10 exploration spends, however, this quarter, we have also observed growth in exploration spending for lithium that has likely been driven by the sustained demand for renewable energy sources to meet future requirements.

The results from the March 2023 quarter show that despite the noticeable industry wide slowdown due to deteriorating global macroeconomic conditions, including inflation and wavering commodity prices, the sector has shown resilience and adaptability. Gold has remained a popular safe haven investment, whilst Government incentives supporting critical minerals explorers and the anticipated growth in the electric vehicle industry has seen sustained investor interest towards battery metals.

Source: BDO Explorer Quarterly Cash Update: March 2023 and prior releases.

10. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('**FME**')
- Discounted cash flow ('**DCF**')
- Quoted market price basis ('**QMP**')
- Net asset value ('**NAV**')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

10.1 Valuation approach for DDH1 prior to the Scheme

In order to value the shares in DDH1 prior to the Scheme, we have chosen to employ the following methodologies:

- FME; and
- QMP.

We have chosen these methodologies for the following reasons:

- FME as our primary valuation methodology as DDH1 has a history of stable earnings before interest, tax, depreciation and amortisation ('**EBITDA**') which allows for the capitalisation of FME to be applied. In utilising the FME approach, we have adopted the enterprise value ('**EV**') to EBITDA multiples ('**EV/EBITDA**') derived from peer companies and transactions, and adjusted the multiple for several factors as detailed further in Section 11.1 of our Report;
- We have considered the QMP approach because DDH1 shares are listed on ASX, therefore there is an observable market on which the shares are traded. Further, our analysis of the liquidity of DDH1 shares as detailed in 11.2 shows that DDH1 shares display a high level of liquidity;
- We have cross checked the bottom end of our value range against the book value of net assets at 30 June 2023. We note that the NAV would typically represent the floor value for a company and can often be used as an indicator of the minimum value of a company. We have only considered the NAV as a cross check because there may be differences between the fair value of DDH1's assets, in particular its drill rigs and their book value. Therefore, we have only considered the book value of net assets at 30 June 2023 as a broad cross check to the low end of our value range; and
- We have not utilised a DCF valuation because the Company does not prepare a long term forecast from which a DCF valuation could be derived. Given that the Company prepares budgets over one and two year periods, if a DCF was utilised, the majority of the value would lie in the terminal value. This in effect is similar to an FME valuation as it assumes the terminal cash flow into perpetuity in a similar way to an FME valuation. Therefore, we do not consider there to be any merit in preparing a DCF valuation.

10.2 Valuation of the Standard Consideration

As detailed in Section 4 of our Report, the Standard Consideration (assuming the full cash or scrip elections are not made) is $0.1238 cash and 0.7111 shares in the Combined Group for every DDH1 share held. In valuing the Scheme Scrip Consideration we have considered the following approaches:

- FME of the Combined Group, utilising our assessed FME for DDH1, analysts' consensus views of Perenti's earnings and the expected synergies from the Scheme; and
- QMP, utilising post-announcement pricing of Perenti (refer section 10.2.1 for further detail).

We consider the QMP approach to be appropriate because Perenti and DDH1 are listed on ASX, therefore there is a regulated and observable market on which the shares are traded. Further, our analysis of the liquidity of a DDH1 share in section 11.2 and our analysis of the liquidity of a Perenti share in section 12.2 shows that both shares display a high level of liquidity. Therefore, our view is that the quoted market price is a relevant approach to consider. However, for the reasons detailed in section 12.4, we have preferred the FME approach to value the Combined Group.

We have considered the above valuation approaches in determining our assessed value range of the Scheme Scrip Consideration. The Scheme Scrip Consideration is then aggregated with the Scheme Cash Consideration to determine the value of the Standard Consideration.

10.2.1. FME of the Combined Group

Both Perenti and DDH1 have a stable history of earnings, therefore we consider the FME approach to be an appropriate approach in valuing the Combined Group. As neither DDH1 nor Perenti have long term forecasts, we have not used the DCF approach to valuing the Combined Group.

Given that Perenti is a company that is covered by a number of broking firms, we have considered the consensus analyst view of Perenti's forecast earnings, in addition to our analysis, to inform our assessed future maintainable earnings for Perenti. We have used our assessed future maintainable earnings for DDH1 as detailed in section 11.1. We have also applied an earnings multiple to the synergies that have been detailed in section 12.1.

The application of the FME approach yields an enterprise value of the business. We have converted this to an equity value of the Combined Group by adjusting for cash and debt of DDH1 and Perenti, as well as the expected decrease in Perenti's cash of approximately $62 million following payment of the Scheme Cash Consideration and Scheme implementation costs.

10.2.2. Post-announcement pricing of Perenti

We have considered the post-announcement pricing of Perenti as an approach in valuing the Standard Consideration.

Given that we are valuing the Standard Consideration, being the shares in the Combined Group that are to be received by Shareholders, we have considered the market pricing following the announcement of the Scheme. The market price of Perenti shares in the period following the announcement of the Scheme is considered an indicator of the value of the Combined Group because market participants are fully informed as to the terms of the Scheme, with the price reflecting the market's view of value. This value includes the acquisition of DDH1, the Scheme Cash Consideration of $50 million exiting the Combined Group and the associated dilution from issuing the Scheme Scrip Consideration.

We note that there are other market factors which have and will influence the Perenti share price following the announcement of the Scheme. As such, we have also conducted an analysis of movements in the ASX All Ordinaries Index, as a proxy for the market and the S&P/ASX 300 Metals and Mining index as a proxy for DDH1 and Perenti's industry, over the same post-announcement period.

Further, we note that market pricing can be volatile and as such, we have assessed post-announcement pricing on a volume weighted average price over a number of different time periods in order to smooth the day to day price fluctuations.

11. Valuation of DDH1 prior to the Scheme

11.1 Future Maintainable Earnings valuation

When performing an FME valuation we must determine what the future maintainable earnings of DDH1 are and then determine an appropriate capitalisation multiple to apply to these earnings.

In calculating future maintainable earnings, the figure selected should represent what is currently sustainable. Any anticipated growth in earnings is accounted for via the capitalisation rate. We have reviewed the following unadjusted financial information as a basis for our FME assessment:

- Audited financial statements and management accounts for FY21 and FY22;
- Reviewed financial statements for the half year ended 31 December 2022;
- Unaudited management accounts of DDH1 for the years ended 30 June 2021, 30 June 2022 and 30 June 2023, including breakdown of business units; and
- Consensus analysts' views of DDH1 forecast earnings for FY24.
- We have also considered management forecast performance for the year ending ('**FY24**') (approved by the Board of Directors) as a form of cross-check to our assessed level of future maintainable earnings.

We then made adjustments to the earnings for the following items to assess the normalised earnings for DDH1:

- Non-recurring or one-off items such as profit on sale of assets;
- Non-operating revenues and expenses;
- Unrecorded items; and
- Abnormal or non-commercial transactions.

11.1.1. Normalised Earnings

The objective of normalising earnings is to determine the underlying profitability expected to be maintained by DDH1. Our adjustments are limited to those adjustments identified through a review of the financial statements and underlying management accounts and from discussions with management of DDH1.

Our normalisation adjustments are set out below:

	Ref	FY21A A$'000	FY22A A$'000	FY23E A$'000	FY24F A$'000
Reported EBITDA	a)	**65,610**	**90,782**	**118,500**	**130,000**
Adjust for: Pro-forma Swick earnings	b)	28,712	16,413	-	-
Add back: Transaction costs	c)	7,431	3,820	876	-
Add back: Other one-off income and expenses	d)	(11)	(2,552)	(8,920)	-
Normalised EBITDA		**101,742**	**108,463**	**110,456**	**130,000**

Source: BDO analysis
*FY24 forecast EBITDA is based on analyst consensus forecasts

The following normalisation adjustments were made to the earnings before interest expenses, income tax, depreciation and amortisation ('**EBITDA**') for DDH1. We consider EBITDA to be an appropriate measure of profitability to compare against competitors in the market as it reflects operating earnings before the influence of the capital expenditure profile and funding of the business. This is important for businesses in the drilling industry where capital asset expenditure and profile can vary significantly. Further, it removes the impact of different accounting policies relating to depreciation and leasing.

a) Reported EBITDA

We have considered the following reported EBITDA figures:

- Audited financial statements for FY21 and FY22;
- DDH1 management accounts and earnings guidance for FY23; and
- Consensus analysts' view of DDH1 forecast earnings for FY24.

b) Pro-forma Swick earnings

Given that DDH1 completed its acquisition of Swick on 1 February 2022, we have included the historical EBITDA of Swick prior to the acquisition date to show normalised earnings as if Swick has been part of the DDH1 earnings over the entire period of analysis.

c) Transaction costs

We consider one-off costs associated with DDH1's IPO, the recent acquisition of Swick and costs associated with the implementation of the Scheme are not expensed in the normal course of business and have adjusted earnings to omit these costs for the purpose of assessing future maintainable earnings.

We note that any costs associated with the implementation of the Scheme that are to be expensed in FY24 have not been included in our normalisation adjustments because any projected Scheme costs have not been accounted for in DDH1's FY24 budget, and therefore, we do not have to deduct any Scheme costs for the purposes of normalising earnings. The Scheme costs to be incurred in FY24 are treated separately as an adjustment to cash and cash equivalents in our adjustment from enterprise value of the DDH1 business to the equity value of DDH1.

d) Other one-off income and expense items

On 20 July 2022, Wiluna Mining Corporation ('**Wiluna**') entered into voluntary administration. As at 30 June 2022, DDH1 held shares in Wiluna and also had an amount outstanding receivable from Wiluna. These amounts were written off at the end of FY22, which we consider to be one-off and have normalised earnings to omit these costs for the purpose of assessing future maintainable earnings.

DDH1 receives training incentives from the Australian Government every year. These training incentives related to the governments BAC and CAC schemes, detailed in section 5 of our Report. The BAC and CAC scheme formed part of the government's COVID-19 recovery plan, supporting business to take on and retain apprentices and trainees through the pandemic. The increased level of grants are set to cease in FY24. Therefore, we have excluded all training incentive income payments over the period of analysis, and replaced the actual grants received with a normalised training income. Based on our discussions with management and our review of the public information available in relation to these grants, we have assessed the normal level of training grants to be $2 million per annum, which we have used for the purpose of assessing the future maintainable earnings of DDH1.

DDH1 has historically sold used property, plant and equipment on an ad hoc basis. Any profit or loss made on the sale of property, plant and equipment has been omitted for the purposes of our normalised earnings assessment.

11.1.2. Calculating Future Maintainable Earnings

In assessing the level of future maintainable earnings, we have considered the historical levels of normalised earnings to determine an estimated future maintainable earnings position for DDH1. The purpose of this is to derive a sustainable level of profitability that we consider to be achievable in the future.

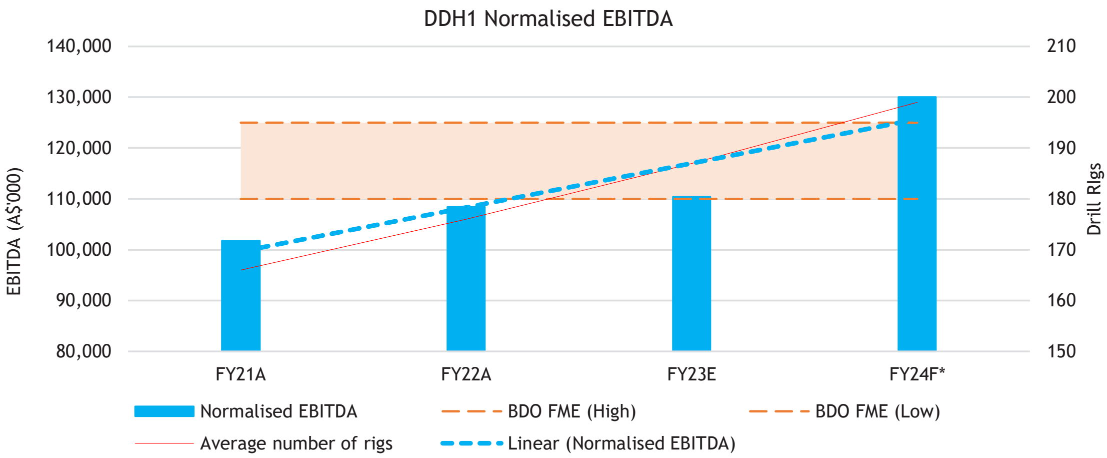
We have considered the analysts' consensus view of the forecast earnings of DDH1 for FY24 to inform our view of the level of DDH1's maintainable earnings. The analysts' consensus views support the information that has been provided to us by management. In determining that we had sufficient reasonable grounds for reliance on the management prepared forecast for FY24, we considered the following:

- An actual to budget analysis over FY21, FY22 and FY23, provides us with confidence that the earnings of the business can be forecast with a reasonable degree of accuracy. Further, we have reviewed the board packs and note that approximately 80% of the Company's budgeted revenue is contracted.
- Expected utilisation rates for FY24 are in line with FY22 actuals. The utilisation rates are lower in FY23, however, this is largely due to flooding in Queensland and a slowdown in activity in the post-Christmas shutdown period, with clientele of DDH1 Drilling and Strike taking longer to ramp-up exploration work. For commercial reasons, we have not disclosed the FY24 budget performance.
- FY23 performance is set to be below the budgeted earnings set at the start of FY23. As stated above, a reduction in market sentiment in the exploration drilling industry meant demand for drilling services reduced over the second half of FY23, as well as a heavy wet season in Queensland that disrupted drilling operations in the first quarter of 2023, are the main reasons behind the FY23 budget not being met. Further, there was a longer than usual delay in the ramp up of drilling activity following the Christmas shutdown period which impacted financial performance.

DDH1's organic growth over the analysis period has leveraged the strength of the broader global mining industry that has seen high levels of investment in recent years following the COVID-19 outbreak. High commodity prices and the growing importance of energy transition metals are driving investment into exploration, development and mining operations of mineral assets which have driven demand for DDH1's drilling services. A detailed discussion of the industry in which DDH1 operates can be found in section 9 of our Report. For these reasons, we consider the present and forecast operations of DDH1 to be more relevant when assessing future maintainable earnings.

After considering DDH1's historic and forecast earnings, we estimate future maintainable earnings (EBITDA) to be in the range of $110 million to $125 million.

We have illustrated our normalised earnings and resultant FME range in the following graph:



Source: BDO analysis
*FY24 forecast EBITDA is based on analyst consensus forecasts

In determining our assessed range of future maintainable earnings, we considered the following:

- Given that we have normalised earnings to reflect Swick being a part of the Company over the entire analysis period, the growth in normalised earnings over the three years ended 30 June 2023 has been organic. This is evidenced by the positive gradient of the normalised earnings trend line in the chart above. Therefore, we consider it appropriate to place more reliance on the most recent earnings as we do not consider FY21 and FY22 to be as reflective of the likely earnings pattern of the Company going forward.
- We have used the FY24 analysts' consensus forecast earnings to inform the top end of our assessed FME range. Based on our review of the information provided to us (as set out in section 16 of our Report), nothing has come to our attention to suggest that the analysts' consensus forecast is not a reasonable estimate of the Company's earnings going forward.

11.1.3. Calculation and Application of an Earnings Multiple

We selected a group of public listed companies considered to be comparable due to activity or exposure to a similar end user market and risks to DDH1 to determine an appropriate earnings multiple. The comparable companies are detailed in Appendix 4. We also considered earnings multiples observed on recent transactions of comparable business sales, detailed in Appendix 5. In determining an appropriate earnings multiple to apply to DDH1, the following factors were considered:

- economic factors (e.g. economic growth, inflation, interest rates) affecting the market in which DDH1 operates;
- strategic attractions of DDH1 – its particular strengths and weaknesses, market position, strength of competition and barriers to entry;
- relationship with and dependence on key clients;
- stability and quality of earnings;
- the asset backing of the underlying business;
- dependence on suppliers, customers and key personnel;
- the future prospects for the operations of DDH1;
- the structural and regulatory framework; and
- share market conditions.

We have reviewed the resultant earnings multiples (observable for publicly listed companies and transactions) and adjusted these for:

- variations in the factors above between DDH1 and the comparable companies; and
- differences in whether the multiples represent a controlling interest or a minority interest. For example, we applied a control premium to the trading multiples as they represent a multiple on a minority interest basis. The transaction multiples have not been adjusted because they are calculated from transactions in which control was obtained and are therefore already inclusive of a control premium.

In determining an appropriate earnings multiple to apply to the FME of DDH1, we grouped the comparable companies by:

- Australian drilling companies;
- International drilling companies; and
- Mining, civil and construction services companies.

We consider DDH1 operations to be comparable to the Australian drilling companies, Dynamic Group Holdings Limited and Mitchell Services Limited, given that 95% of DDH1's operational revenue in FY22 related to Australian-based drilling contracts. However, given the smaller size of Dynamic Group Holdings Limited and Mitchell Services Limited relative to DDH1, we have also considered international drilling companies, Capital Limited and Major Drilling Group which are larger and potentially more comparable to DDH1's size and scale than the smaller Australian-based drilling companies.

Although DDH1 has minimal mining services offerings, we still consider the Company's overall exposure to the risks of the broader mining industry are broadly in line with mining, civil and construction services companies, and therefore have also considered trading multiples of these companies as a cross-check to our assessed multiple.

For the identified comparable companies across the three aforementioned sub-groups, we have obtained or calculated FY23 earnings estimates, if available, to assess current earnings data, in addition to the most recent audited/reviewed financial information.

Set out below is a summary of the trading multiples for our identified comparable companies.

Company	Exch.	Enterprise Value (A$m)	Market Cap. (A$m)	Revenue (A$m)	LTM EBITDA (A$m)	EV/EBITDA	Est. FY23 EBITDA (A$m)	EV/FY23 EBITDA Estimate	Fwd FY24 EBITDA (A$m)	EV/FY24 Fwd EBITDA
DDH1 Limited	ASX	343	336	533	113	3.04	118	2.91	129	2.65
Most comparable listed companies										
Dynamic Group Holdings Limited	ASX	62	38	85	14	4.42	18	3.44	n/a	n/a
Mitchell Services Limited	ASX	129	90	231	26	4.94	41	3.14	42	3.06
Capital Limited	LSE	354	319	427	131	2.72	147	2.41	152	2.34
Major Drilling Group	TSX	804	881	821	163	4.93	159	5.07	190	4.24
	Mean	**337**	**332**	**391**	**83**	**4.25**	**91**	**3.52**	**128**	**3.21**
	Median	**242**	**205**	**329**	**78**	**4.68**	**94**	**3.29**	**152**	**3.06**

Source: Capital IQ and BDO analysis
*the LTM EBITDA represents the trailing 12 months from the most recently reported financial statements, as sourced from Capital IQ.

Based on the above, we consider an appropriate EBITDA multiple to apply to DDH1 earnings to be in the range of 2.8x to 3.2x on a minority interest basis.

Cross-check of assessed multiple

As a cross-check to our assessed EBITDA multiple, we have considered the comparable transactions where we consider the target being acquired to be broadly comparable with DDH1, with details of the transactions set out in the table below.

Transaction close date	Target	Acquirer	Target Acquired (%)	EV (A$m)	EBITDA (A$m)	Implied EBITDA multiple
Drilling Services						
14/07/2021	Orlando Drilling Pty Ltd	Dynamic Drill and Blast Holdings Limited (nka:Dynamic Group Holdings Limited)	100%	33	9.9	3.3
01/06/2021	McKay Drilling PTY Limited	Major Drilling Group International Inc.	100%	78	17.0	4.6
01/11/2019	Norex Drilling Limited	Major Drilling Group International Inc.	100%	22	5.6	4.0
16/02/2022	Drilling business of Swick Mining Services Limited	DDH1 Limited	100%	115	30.4	3.8
					Mean	**3.9**
					Median	**3.9**
Mining, Civil, & Construction Services						
19/02/2021	Primero Group Limited	NRW Holdings Limited	100%	88	18.0	4.9
28/02/2020	Pit N Portal Mining Services Pty Ltd/Pit N Portal Equipment Hire Pty Ltd	Emeco Holdings Limited	100%	73	20.0	3.7
31/10/2018	Barminco Holdings Pty Limited	Ausdrill Limited (nka:Perenti Limited)	100%	705	137.1	5.1
05/11/2021	Pybar Mining Services Pty Ltd	Mastermyne Group Limited (nka:Metarock Group Limited)	100%	48	13.7	3.5
10/05/2019	LCR Group	Qube Holdings	100%	135	25.0	5.4
09/12/2019	BGC Contracting	NRW Holdings Limited	100%	310	100.0	3.1
					Mean	**4.3**
					Median	**4.3**

Source: Capital IQ and BDO analysis

Descriptions of the transactions and companies involved in each transaction are detailed in Appendix 5.

Given the above transaction multiples represent multiples paid to obtain control, we expect them to be higher than our assessed multiple on a minority interest basis. Therefore, we consider the transaction multiples to broadly support our assessed multiple for DDH1 on a minority interest basis.

11.1.4. Conclusion of Future Maintainable Earnings Value

The application of our assessed multiple to our future maintainable earnings figure is summarised in the table below:

	Low	High
Future Maintainable Earnings ($m)	110	125
Assessed EBITDA multiple	2.8	3.2
Enterprise value of DDH1 (minority basis) ($m)	**308**	**400**

Source: BDO analysis

We have converted the above enterprise value of DDH1 to an equity value by making the following adjustments:

a) Add DDH1 cash balance and deduct net debt. The cash and debt balances have been sourced from management accounts for the year ended 30 June 2023. We have obtained bank statements and borrowings verification from management in order to establish reasonable grounds for reliance on the unaudited financial information.

b) Add any surplus assets and deduct any surplus liabilities. The balance sheet of a company includes all the assets and liabilities required to generate income. However, if there are surplus assets or liabilities then these can be considered additional to the Enterprise value calculated from the FME valuation methodology because they are not required to generate income in the normal course of business and would have been excluded from the normalised future maintainable earnings.

The calculation from enterprise value to equity value is summarised in the following table.

	Low $m	High $m
Enterprise value of DDH1 (minority basis)	**308**	**400**
Add: Cash and cash equivalents	25	25
Less: Net business debt	(32)	(32)
Add: Surplus assets	Nil	Nil
Less: Surplus liabilities	Nil	Nil
Equity value of DDH1(minority basis)	**301**	**393**

Source: BDO analysis

Given our assessed equity value of DDH1 is on a minority interest basis, we have applied a control premium to calculate a value of DDH1 on a control basis. Our analysis of an appropriate control premium is set out below.

Control Premium

We have reviewed the control premiums on completed transactions, paid by acquirers of industrial companies, mining companies and all ASX-listed companies over the period from 2013 to June 2023. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium) and at a premium in excess of 100%. We have summarised our findings in Appendix 3. We note that there were no relevant control premium transactions for industrial companies in calendar year 2023 as of 23 June 2023. Therefore, we have analysed the broader mining sector and all ASX-listed companies for completed transactions.

The mean and median of the entire data sets comprising control transactions from 2013 onwards for industrial companies, mining companies and all ASX-listed companies, are set out below:

Entire Data Set Metrics	Industrial Companies		Mining Companies		All ASX-Listed Companies	
	Deal Value ($m)	Control Premium (%)	Deal Value ($m)	Control Premium (%)	Deal Value ($m)	Control Premium (%)
Mean	1,657.50	34.04	496.04	35.94	1,482.91	33.50
Median	210.75	29.59	44.27	31.07	119.13	29.51

Source: BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre-transaction or proceeded to hold a controlling interest post-transaction in the target company.

The table above indicates that the long-term average control premium by acquirers of industrial companies, mining companies and all ASX-listed companies is approximately 34.04%, 35.94% and 33.50%, respectively. However, in assessing the transactions, we noted transactions that appear to be outliers.

These outliers included one industrial company transaction, 11 mining company transactions and 23 transactions across the entire ASX, for which the announced premium was in excess of 100%. We have removed these transactions because we consider it likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific strategic value to the acquirer.

In a population where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed period was approximately 29.59% for industrial companies, 31.07% for mining companies and 29.51% for all ASX-listed companies.

Based on the above, we consider an appropriate premium for control to be 30%.

Conclusion on assessed equity value

Based on the control premium analysis, the derivation of our assessed equity value on a control basis is set out in the table below.

	Low A$m	High A$m
Equity value of DDH1 (minority basis)	301	393
Control premium	30%	30%
Equity value of DDH1 (controlling basis)	**391**	**511**

Source: BDO analysis

Conclusion on assessed equity value per DDH1 share

We have assessed the FME value of a DDH1 share to be between $0.97 and $1.26, on a controlling interest basis, as set out below.

	Low	High
Equity value of DDH1($m) (control basis)	**391**	**511**
Number of shares outstanding	403,965,280	403,965,280
Value of a DDH1 share ($) (control basis)	**0.97**	**1.26**

Source: BDO analysis

11.2 Quoted market price valuation

To provide a comparison to the valuation of DDH1 in Section 11.1, we have also assessed the quoted market price for a DDH1 share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.43 suggests that when considering the value of a company's shares for the purposes of a control transaction, the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

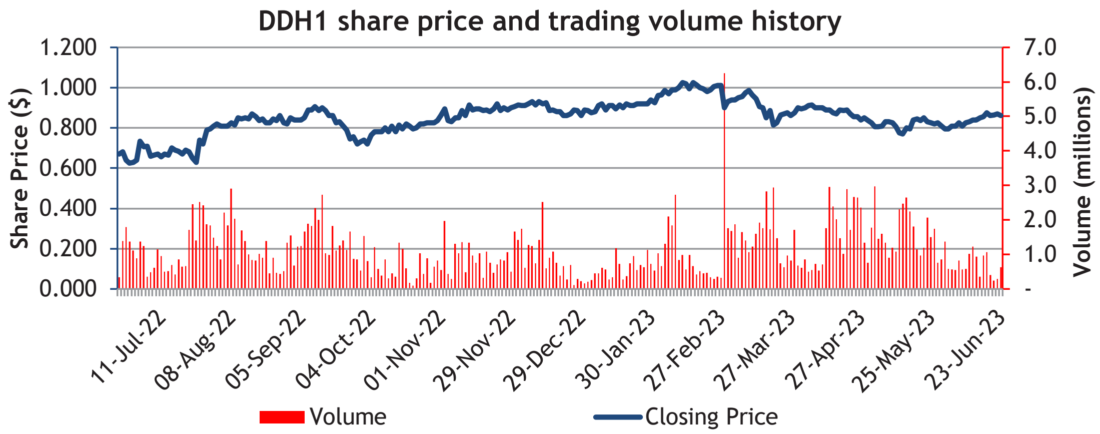
- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Therefore, our calculation of the quoted market price of a DDH1 share, including a premium for control, has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a DDH1 share is based on the pricing prior to the announcement of the Scheme. This is because the value of a DDH1 share after the announcement may include the effects of any change in value as a result of the Scheme. However, we have considered the value of a DDH1 share following the announcement when we have considered reasonableness in section 14.

Information on the Scheme was announced to the market on 26 June 2023. Therefore, the following chart provides a summary of the share price movement over the 12 months to 23 June 2023 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of DDH1 shares from 23 June 2022 to 23 June 2023 has ranged from a low of $0.625 on 28 June 2022 to a high of $1.025 on 15 February 2023. The largest day of single trading over the assessed period was 28 February 2023, when 6,257,861 were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		$ (movement)			$ (movement)		
17/04/2023	Change in substantial holding - Oaktree	0.870	▼	0.6%	0.890	▲	2.3%
14/04/2023	Ceasing to be a Substantial Holder - Goldenmile	0.875	▼	1.7%	0.885	▲	1.1%
28/02/2023	Investor Presentation on 1H23 Results	0.900	▼	10.9%	0.940	▲	4.4%
28/02/2023	Dividend/Distribution - DDH	0.900	▼	10.9%	0.940	▲	4.4%
28/02/2023	Appendix 4D and Half Year Financial Report	0.900	▼	10.9%	0.940	▲	4.4%
23/02/2023	DDH1 - HY23 Results Conference Call Details	1.005	▲	1.5%	0.900	▼	10.4%
06/02/2023	DDH1 Preliminary 1H23 Unaudited Results	0.970	▼	1.5%	1.000	▲	3.1%
03/02/2023	Appointment of Chief Financial Officer	0.985	▲	2.1%	0.990	▲	0.5%
13/12/2022	Change in substantial holding - Oaktree	0.925	▲	0.5%	0.880	▼	4.9%
25/11/2022	Change of Director's Interest Notice - Sy Van Dyk	0.900	▲	1.7%	0.905	▲	0.6%
04/11/2022	2022 Annual General Meeting Results	0.830	▼	0.6%	0.885	▲	6.6%
04/11/2022	2022 Annual General Meeting and 1Q23 Update	0.830	▼	0.6%	0.885	▲	6.6%
02/11/2022	Resignation of Chief Financial Officer	0.895	▲	4.1%	0.850	▼	5.0%
03/10/2022	Notice of Annual General Meeting	0.720	▼	2.7%	0.780	▲	8.3%
05/09/2022	Date of AGM and Closing Date for Director Nominations	0.840	▶	0.0%	0.890	▲	6.0%

Date	Announcement	Closing Share Price Following Announcement $ (movement)			Closing Share Price Three Days After Announcement $ (movement)		
31/08/2022	DDH1 Notice of ceasing to be a substantial shareholder	0.850	▲	3.7%	0.840	▼	1.2%
30/08/2022	Dividend/Distribution - DDH	0.820	▼	0.6%	0.840	▲	2.4%
30/08/2022	Appendix 4G	0.820	▼	0.6%	0.840	▲	2.4%
30/08/2022	DDH1 Corporate Governance Statement	0.820	▼	0.6%	0.840	▲	2.4%
30/08/2022	DDH1 Investor Presentation FY22 Results	0.820	▼	0.6%	0.840	▲	2.4%
30/08/2022	DDH1 FY22 Annual Report	0.820	▼	0.6%	0.840	▲	2.4%
30/08/2022	DDH1 FY22 Preliminary Final Report - Appendix 4E	0.820	▼	0.6%	0.840	▲	2.4%
23/08/2022	DDH1 Notice of FY22 Results Conference Call Details	0.825	►	0.0%	0.860	▲	4.2%
22/08/2022	Release of Securities from Voluntary Escrow	0.825	▼	2.4%	0.835	▲	1.2%
26/07/2022	DDH1 Delivers Record FY22 Performance	0.740	▲	17.5%	0.795	▲	7.4%
25/07/2022	Conference Call Details - FY22 Preliminary Unaudited Results	0.630	▼	3.1%	0.790	▲	25.4%
01/07/2022	DDH1 Initiates On-Market Buy-Back Program	0.735	▲	14.8%	0.660	▼	10.2%

Source: Bloomberg, ASX and BDO analysis

On 1 July 2022, DDH1 announced an on-market share buyback program for up to 10% of the issued capital, to be executed over the preceding twelve months. On the date of the announcement, the share price increased 14.8% to $0.735, before decreasing 10.2% over the subsequent three-day trading period to close at $0.660.

On 26 July 2022, DDH1 released it preliminary full year unaudited results for FY22. The unaudited pro-forma results released included the acquired business division of Swick for current and comparative reporting periods. The announced share buyback program was to commence post the announcement of these results. On the date of the announcement, the share price increased 17.5% to $0.740, before increasing by a further 7.4% over the subsequent three-day trading period to close at $0.795.

On 28 February 2023, DDH1 released its half-year results for the six months ended 31 December 2022. As part of the results release, DDH1 provided an investor presentation on the results. On the date of the announcements, the share price decreased 10.9% to $0.900, before increasing by 4.4% over the subsequent three-day trading period to close at $0.940. In addition to the share price movement, the volume of trading of DDH1 shares was the largest over the assessed period, with 6,257,861 shares being traded on the date of the announcements, representing approximately 1.6% of the Company's issued capital.

To provide further analysis of the market prices for an DDH1 share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 23 June 2023.

Share Price per unit	23-Jun-23	10 Days	30 Days	60 Days	90 Days
Closing price	$0.860				
Volume weighted average price (VWAP)		$0.847	$0.819	$0.841	$0.868

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Scheme, to avoid the influence of any increase in the price of DDH1 shares that has occurred since the Scheme was announced. An analysis of the volume of trading in DDH1 shares for the twelve months to 23 June 2023 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.855	$0.875	629,933	0.16%
10 Days	$0.813	$0.880	7,129,150	1.78%
30 Days	$0.750	$0.880	33,868,378	8.44%
60 Days	$0.750	$0.920	79,067,264	19.71%
90 Days	$0.750	$1.035	119,093,018	29.69%
180 Days	$0.750	$1.035	191,641,950	47.78%
1 Year	$0.613	$1.035	282,227,932	70.36%

Source: Bloomberg, BDO analysis

This table indicates that DDH1's shares display a high level of liquidity, with 70.36% of the Company's current issued capital being traded in a twelve month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of DDH1, we consider the shares to display a high level of liquidity, on that basis that more than 1% of securities have been traded weekly on average, with 70.36% of DDH1's current issued capital being traded over a twelve-month period, and 47.78% of DDH1's current issued capital being traded over a 180-day period, prior to the announcement of the Scheme. Of the 52 weeks in which our analysis is based on, more than 1% of the Company's securities had been traded in 32 of those weeks.

Our assessment is that a range of values for DDH1's shares based on market pricing, after disregarding post announcement pricing, is between $0.80 and $0.90.

Quoted market price including control premium

Applying the control premium, detailed in section 11.1, to DDH1's quoted market share price results in the following quoted market price value including a premium for control:

	Low $	High $
Quoted market price value	0.80	0.90
Control premium	30%	30%
Quoted market price valuation including a premium for control	1.04	1.17

Source: BDO analysis

Therefore, our valuation of a DDH1 share based on the quoted market price method and including a premium for control is between $1.04 and $1.17.

11.3 Conclusion on the value of DDH1 prior to the Scheme

The results of the valuations performed are summarised in the table below:

	Low $	High $
Future maintainable earnings (section 11.1)	0.97	1.26
ASX market prices (section 11.2)	1.04	1.17

Source: BDO analysis

We note that from our analysis of the quoted market price of a DDH1 share in section 11.2, that 19.71% of the Company's current issued capital has been traded in the 60 days prior to the announcement of the Scheme. This level of trading represents a deep level of liquidity in DDH1 shares and there also appears to be regular trading over this period, with no single trades from significant holders that materially affect the share price. As a result, we believe the QMP methodology can be considered in determining the value of a DDH1 share.

The FME valuation methodology presented in Section 11.1 is based on reliable financial inputs from DDH1's audited financial accounts, management accounts and other financial and non-financial information provided by management, as well as an earnings profile which is considered suitable for an FME valuation.

As evidenced in the table above, the valuation range using the QMP approach sits within our assessed values using the FME approach. Therefore, the QMP values support the values derived under the FME approach. We consider the FME valuation to be a more robust valuation approach and have therefore relied on it in determining our valuation conclusion, which is supported by the QMP as a cross check.

As a sense check to the low end of our value range, we have also considered the NAV of DDH1 prior to the Scheme as the NAV would typically represent the floor value for a company and can often be used as an indicator of the low value of a company. The unaudited NAV per share of DDH1 is $0.86 as at 30 June 2023, which broadly supports the low end of our assessed value range.

Based on the results above we consider the value of a DDH1 share on a controlling interest basis to be between $0.97 and $1.26.

12. Valuation of Standard Consideration

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

(a) the acquirer is obtaining or increasing control of the target; and

(b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

RG 111.32 suggests that if we use the quoted market price of securities to value the offered consideration, then we must consider and comment on:

(a) the depth of the market for those securities;

(b) the volatility of the market price; and

(c) whether or not the market value is likely to represent the value if the takeover bid is successful.

Under RG 111.34 it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity. Therefore, we have assessed the value of a Combined Group share on a minority interest basis.

12.1 FME of the Combined Group

We have adopted the FME valuation methodology to provide a value of the Combined Group by conducting the following:

- Assessing the FME of Perenti;
- Utilising the FME of DDH1 as detailed in section 11.1;
- Assessing the synergies resulting from merging the businesses of Perenti and DDH1;
- Calculating an appropriate earnings multiple for the Combined Group and applying that multiple to the total FME of the Combined Group;
- Convert the calculated enterprise value to an assessed equity value of the Combined Group by adding cash, deducting net debt, deducting the Scheme Cash Consideration and adding the present value of tax savings; and
- Determine a value per share of the Combined Group by dividing the FME valuation by the total number of shares on issue in the Combined Group following the implementation of the Scheme.

FME of Perenti

In calculating future maintainable earnings, the figure selected should represent what is currently sustainable. Any anticipated growth in earnings is accounted for via the capitalisation rate. We have reviewed the following unadjusted financial information as a basis for Perenti's FME assessment:

- Historical audited financial statements for FY21 and FY22;
- FY23 earnings guidance announced by Perenti; and
- Consensus analyst forecast performance for FY23 and FY24.

We then made adjustments to earnings for the following items to produce normalised earnings for Perenti:

- Non-recurring or one-off items such as profit on sale of assets;
- Non-operating revenues and expenses; and
- Abnormal or non-commercial transactions.

Normalised Earnings

The objective of normalising earnings is to determine the underlying profitability expected to be maintained by Perenti. Our adjustments are limited to those adjustments identified through a review of the financial statements.

Our normalisation adjustments are set out below:

	Ref	FY21A A$'000	FY22A A$'000	FY23E A$'000	FY24F A$'000
Reported EBITDA	a)	**276,296**	**405,403**	**562,700**	**573,950**
Add back: Transaction, restructuring and other one-off costs	b)	3,492	9,910	-	-
Add back: Impairment charges	c)	70,563	23,162	-	-
Deduct: Gain on sale of business	d)	-	(29,630)	-	-
Add back: Provisions relating to the exit of Mali	e)	-	11,619	-	-
Add back: AMS Strategic Review	f)	25,568	-	-	-
Add back: BTP inventory obsolescence	g)	9,946	-	-	-
Normalised EBITDA		**385,865**	**420,464**	**562,700**	**573,950**

Source: BDO analysis

The following normalisation adjustments were made to the EBITDA for Perenti. We consider EBITDA to be an appropriate measure of profitability to compare against competitors in the market as it reflects operating earnings before the influence of the capital expenditure profile and funding of the business. This is important for businesses in the mining services industry where capital expenditure and profile between companies can vary significantly. Further, it removes the impact of different accounting policies relating to depreciation and leasing.

a) Reported EBITDA

We have used the following reported EBITDA figures:

- Audited financial statements for FY21 and FY22; and
- Analyst consensus earnings guidance for FY23 and FY24.

b) Transaction, restructuring and other one-off costs

We have normalised Perenti earnings for amounts classed as transaction, restructuring and other one-off costs in the historical audited financial statements. We consider these costs are not incurred in the normal course of business, and therefore, have adjusted earnings to nullify the effects of the costs on EBITDA for the purposes of determining normalised earnings for Perenti.

c) Impairment charges

We have normalised Perenti earnings for impairment charges outlined in the historical audited financial statements.

The $23.16 million impairment charge in FY22 relates to intangible customer contracts that were acquired as part of the Barminco acquisition in 2019. As disclosed in the 31 December 2021 interim financial report, the impairment was recorded following the exit of the Sukari contract in Egypt. The exit of this contract was an indicator of impairment at 31 December 2021, which resulted in an impairment of the entire remaining value of the customer related intangibles balance allocated to that contract.

The $70.56 million impairment charge in FY21 relates to reductions in estimated recoverable amounts of inventory and property, plant and equipment values as set out below:

- $8.1 million relates to an impairment recorded against property, plant and equipment for BTP;
- $27.4 million relates to property, plant and equipment located in Mali; and
- $9.7 million relates to property, plant and equipment located in Burkina Faso.

We consider these costs are not incurred in the normal course of business, and therefore, have adjusted earnings to exclude the effects of the costs on EBITDA.

d) Gain on sale of business

On 30 November 2021, Perenti completed the divestment of MinAnalytical. A gain of $29.6 million, net of transaction costs, was recorded against other income in the consolidated statements of profit and loss. We consider this income is not incurred in the normal course of business, and therefore, have adjusted earnings to remove this income.

e) Provisions relating to the exit of Mali

In the first half of FY23, Perenti executed its strategic plan to exit from operations in Mali. We have deducted the costs associated with Perenti's exit from Mali for the purposes of our normalised earnings assessment.

f) AMS Strategic Review

Throughout FY21 Perenti undertook a strategic review into the AMS surface drilling business. The strategic review concluded with a planned contraction of surface drilling in Africa which entailed the transition out of two underperforming contracts (Yanfolila and Boungou). This consisted of trade receivable provisions and bad debts totalling $11.99 million, and other structuring and exit costs totalling $13.57 million. We have deducted these costs for the purposes of our normalised earnings assessment.

g) BTP inventory obsolescence

Perenti revalued inventory of BTP in FY21 downward resulting in a provision for obsolescence of inventory of $9.95 million in FY21. We have deducted these costs for the purposes of our normalised earnings assessment.

Calculating Future Maintainable Earnings

In calculating future maintainable earnings, we have considered the historical levels of normalised earnings to determine an estimated future maintainable earnings position for Perenti. The purpose of this is to derive a sustainable level of profitability that we consider to be achievable in the future.

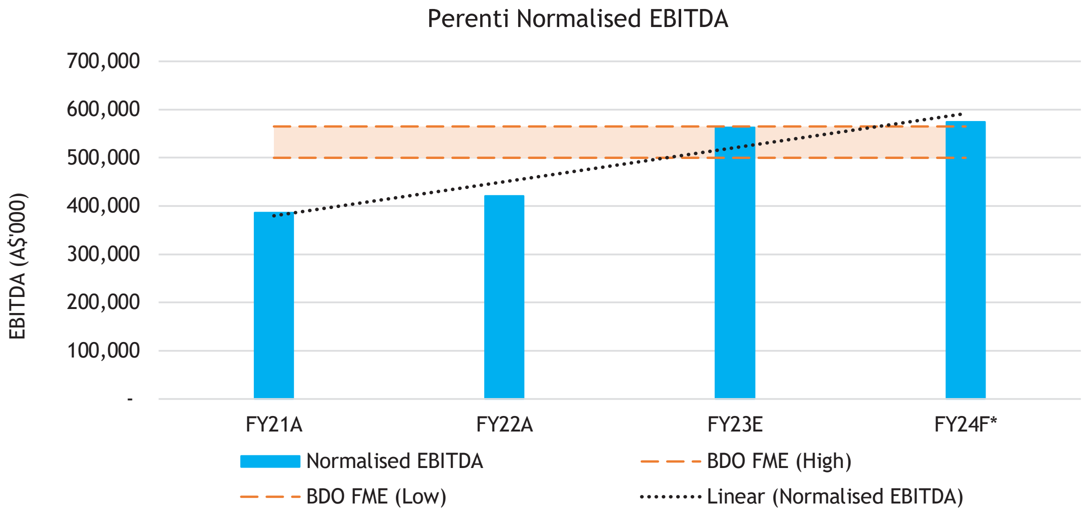
We have also considered consensus forecast earnings of Perenti for the year ending 30 June 2024 to inform what maintainable earnings are sustainable by Perenti.

When assessing our future maintainable earnings range, we note that Perenti has demonstrated a step change in its earnings growth at an EBITDA level in FY22 and FY23. We consider the following may substantiate the increase in earnings:

- We note in the two-year period ended 30 June 2023, Perenti has announced several key drilling and mining services contracts, and contract extensions, that have driven the organic growth in earnings depicted in the growth in EBITDA from FY22 to FY23. Some of the key contracts are detailed below:
    - In July 2021, Barminco was awarded a $280 million contract for the Savannah Nickel Project in the Kimberley of Western Australia. The contract is for a term of four years, which had fully ramped up by the third quarter of FY22.
    - In December 2021, AMS entered into the Motheo contract in December 2021. The contract consists of open pit mining services at Sandfire Resources Limited's Motheo Copper Project in Botswana. The contract is for expected revenue of US$493 million over an initial term of seven years. Mining works commenced in 2022.
    - In June 2022, Perenti secured an additional contract with an expected revenue of $520 million for the Cowal Underground mine. This represents one of Barminco's largest underground mining projects and has an initial 4-year term.
    - In May 2023, AUMS was awarded a five-year contract at Newmont Subika underground gold mine in Ghana for expected revenue of $630 million. The term of the contract commenced on 1 January 2023.
- As detailed in section 9 of our Report, the broader global mining industry has seen high levels of investment in the years following the COVID-19 outbreak with high commodity prices driving investment into exploration and new and existing mining projects which have driven demand for Perenti's drilling and mining services businesses.
- Perenti management issued several earnings guidance upgrades throughout FY23, indicating that the growth in earnings throughout the year was stronger than originally budgeted at the start of FY23.

Based on the above, we consider it appropriate to weight our FME assessment for Perenti on the earnings for FY23 (guidance) and the analyst consensus forecasts for FY24. After considering Perenti's historic and forecast earnings, we estimate future maintainable earnings (EBITDA) of Perenti to be in the range of $500 million to $565 million.

We have illustrated our normalised earnings and resultant FME range in the following graph:



Source: BDO analysis

Calculating the Post-Scheme FME of the Combined Group

We outline a summary of the post Scheme FME of the Combined Group in the table below

Post-Scheme Combined Group Earnings	Ref	Low A$m	High A$m
Perenti FME		500	565
DDH1 FME	a)	110	125
Synergies	b)	7	7
Total Post-Scheme Combined Group Earnings (EBITDA)		**617**	**697**

Source: BDO analysis

a) DDH1 FME

We have adopted the DDH1 future maintainable earnings range as determined in Section 11.1

b) Synergies

We have considered the immediate and quantifiable cost synergies that were provided to BDO by DDH1 management. After conducting our own review of the synergies, obtaining underlying support for the synergies and through discussion with DDH1 management, we consider annual cost synergies of $7 million to be reasonable. We note that forecast revenue synergies have not been considered in this assessment because we do not consider there to be sufficient reasonable grounds in accordance with ASIC's guidance in RG 170 and RG 111, to make forward looking assumptions around the utilisation of revenue synergies.

Additionally, we have considered tax loss and tax depreciation synergies separately in our valuation assessment as any tax synergies do not affect earnings at an EBITDA level, nor would these tax savings occur indefinitely.

Calculation and Application of an Earnings Multiple

We selected a group of public listed companies considered to be comparable due to activity or exposure to a similar end user market and risks to the Combined Group to determine an appropriate earnings multiple. The comparable companies and transactions are detailed in Appendix 4 and Appendix 5, including publicly listed comparable companies' earnings multiples and recent transactions of comparable business sales evidenced in the market. In determining an appropriate earnings multiple to apply to the Combined Group, the following factors were considered:

- economic factors (e.g. economic growth, inflation, interest rates) affecting the market in which DDH1 and Perenti operate;
- strategic attractions of the Combined Group – its particular strengths and weaknesses, market position, strength of competition and barriers to entry;
- relationship with and dependence on key clients;
- stability and quality of earnings;
- the asset backing of the underlying business;
- dependence on suppliers, customers and key personnel;
- the future prospects for the operations of the Combined Group;
- the structural and regulatory framework; and
- share market conditions.

We have reviewed the resultant earnings multiples (observable for publicly listed companies and transactions) and adjusted these for:

- variations in the factors above between the Combine Group and the comparable companies; and
- differences in whether the multiples represent a controlling interest or a minority interest. For example, we considered the transaction multiples as they represent multiples paid for a controlling interest and considered the trading multiples as a minority interest as they are calculated from market prices.

In determining an appropriate earnings multiple to apply to the FME of the Combined Group, we first grouped the comparable companies in Appendix 4 by:

- Australian drilling companies;
- International drilling companies; and
- Mining, civil and construction services companies.

We consider the Combined Group operations to show alignment with all three of the abovementioned groupings of comparable companies given that the merging of Perenti and DDH1's operations will provide a diverse exposure to Australian-based, and International, drilling and mining services industries. In the first half of FY23, the Combined Group's Australian operations would have made up 54% of revenues, with remaining 46% predominantly coming from operations in African countries (42%) and North America (4%).

Given the larger size, scale and diversification of the Combined Group, we have considered larger drilling and mining services companies (detailed in Appendix 4) in the companies we consider most comparable to the Combined Group's operations.

For the identified comparable companies across the three aforementioned sub-groups, we have obtained or calculated FY23 earnings estimates, if available, to assess current earnings data, in addition to the most recent audited/reviewed financial information.

Set out below is a summary of the trading multiples for our identified comparable companies:

Company	Exch.	EV (A$m)	Market Cap. (A$m)	Revenue (A$m)	LTM EBITDA (A$m)	EV/ EBITDA	Est. FY23 EBITDA (A$m)	EV/FY23 EBITDA Est.	Fwd FY24 EBITDA (A$m)	EV/FY24 Fwd EBITDA
Perenti Limited	ASX	1,369	870	2,684	461	2.97	563	2.43	547	2.50
DDH1 Limited	ASX	343	336	533	113	3.04	118	2.91	129	2.65
Most comparable listed companies										
Boart Longyear Group Ltd.	ASX	732	473	1,529	143	4.90	185	3.95	n/a	n/a
Major Drilling Group	TSX	804	881	821	163	4.93	159	5.07	190	4.24
Emeco Holdings Limited	ASX	619	338	811	217	2.85	250	2.47	280	2.60
Macmahon Holdings Limited	ASX	530	284	1,876	296	1.79	287	1.85	310	1.75
NRW Holdings Limited	ASX	1,237	1,065	2,595	263	4.71	270	4.58	306	4.71
Mean		**784**	**608**	**1,526**	**216**	**3.84**	**230**	**3.59**	**271**	**3.32**
Median		**732**	**473**	**1,529**	**217**	**4.71**	**250**	**3.95**	**293**	**3.42**

Source: Capital IQ and BDO analysis
*the LTM EBITDA represents the trailing 12 months from the most recently reported financial statements, as sourced from Capital IQ.

As demonstrated in the trading multiples presented in Appendix 4, at a broad industry level, we observe a higher multiple on mining services companies relative to Australian and International drilling companies. We attribute this to the increased size, scale, diversification and stability of earnings of mining services companies, as well as the inherent risk associated with having solely drilling operations.

As part of our earnings multiple assessment, we have also considered the earnings multiple of Perenti prior to the announcement of the Scheme. We consider it appropriate that there is an uplift in the multiple of the Combined Group relative to Perenti prior to the Scheme for the following reasons:

- potential re-rating of the Combined Group to be included in the ASX 200;
- additional diversification that the DDH1 businesses provide to the Combined Group, through increasing its drilling and mining services presence in Australia, therefore de-risking its Africa operations; and
- prior to the Scheme, based on the comparable companies in Appendix 4, Perenti is trading at a lower multiple than its peers. Further, the DDH1 multiple is higher than the Perenti multiple.

Based on the above, we consider an appropriate EBITDA multiple to apply to the Combined Group earnings to be in the range of 2.6x to 3.0x on a minority interest basis.

Summary of Future Maintainable Earnings Value of the Combined Group

The application of our assessed multiple to our future maintainable earnings figure is summarised in the table below:

	Low A$m	High A$m
Future Maintainable Earnings	617	697
Earnings multiple	2.6	3.0
Enterprise value of the Combined Group (minority basis)	**1,604**	**2,091**

Source: BDO analysis

Once the enterprise value has been calculated we need to convert the enterprise value into an equity value of the Combined Group, as set out in the table below:

	Ref	Low A$m	High A$m
Enterprise value of the Combined Group (minority basis)		**1,604**	**2,091**
Add: Cash and cash equivalents	a)	332	332
Less: Net business debt	a)	(838)	(838)
Add: Surplus assets	b)	Nil	Nil
Less: Surplus Liabilities	b)	Nil	Nil
Less: Cash Consideration	c)	(50)	(50)
Less: Scheme Implementation Costs	c)	(12)	(12)
Add: Capitalised cash tax savings	d)	89	97
Equity value of the Combined Group (minority basis)		**1,125**	**1,620**

Source: BDO analysis

Note a) cash and cash equivalents

The cash and debt balances have been sourced from management accounts for the year ended 30 June 2023 for DDH1. We have used Perenti's unaudited management accounts for the year ended 30 June 2023 to source Perenti's cash and debt balances.

Note b) Surplus assets and liabilities

Nothing has come to our attention to suggest that there are any surplus assets or liabilities of the Combined Group.

Note c) Scheme Cash Consideration and Scheme implementation costs

We have deducted the $50 million Scheme Cash Consideration to be paid to Shareholders as part of the Scheme and $11.67 million of Scheme implementation costs (as detailed in the Scheme Booklet).

Note d) Capitalised cash tax savings

We have also added the present value of future tax loss savings generated from the Scheme. Perenti has available Australian tax losses that can be utilised by the Combined Group to offset against future profits made by DDH1 in Australia.

In calculating the cash tax savings, we have performed the following:

- Forecast the profit before tax of the Combined Group until the Perenti Australian tax losses have been fully utilised. In forecasting the profit before tax of the Combined Group, we have adjusted the Combined Group FME at an EBITDA level by deducting depreciation and interest based on the average of the respective expenses for FY23 and the forecast for FY24. This is consistent with our approach to determining FME. We have also adjusted for amortisation based on the schedule of expected amortisation provided by DDH1;
- We have reviewed a tax synergy paper, tax due diligence report and tax model (collectively '**Tax Materials**') prepared by a third party accounting firm and have confirmed that the approach and conclusions reached appear reasonable. Based on the inputs contained in the Tax Materials, including the ability of the Combined Group to access Perenti's Australian tax losses, the available fraction to be applied to the losses and the opening balance of the tax losses, we have forecast

the tax benefits associated with DDH1 being able to access Perenti's Australian tax losses. We note that DDH1, as a subsidiary of the Combined Group following the implementation of the Scheme, will only be able to access the Perenti Australian tax losses for the profits earned by DDH1 in Australia. We have assumed that 95% of DDH1 profits are earned in Australia, based on historical contributions to revenue;

- Historically, Perenti's Australian tax consolidated group has been loss making (hence the tax losses), therefore we have assumed that going forward Perenti does not add to or utilise these tax losses, such that the opening tax loss balance is to be fully utilised over time against the Australian earnings of DDH1;
- We have discounted the tax cash flow savings to present value using a discount rate which is the inverse of the equity value earnings multiple appropriate for the Combined Group's operations in Australia. We note that the multiples used in our FME valuation of the Combined Group are on an EBITDA basis. Therefore, in calculating an appropriate discount rate, we have used the inverse of profit after tax multiples, which have been set out in Appendix 4. Based on these multiples, we consider a profit after tax multiple of 10x to be appropriate, resulting in a discount rate of 10%.
- The ability of the Combined Group to utilise the tax losses will be subject to loss testing, however based on our review of the Tax Materials, the risk of the Combined Group failing the loss recoupment tests is low. Nothing has come to our attention to suggest that the loss recoupment tests would be failed in the foreseeable future.

In addition to the above tax loss calculation, based on our review of the Tax Materials, we consider it appropriate to include the tax benefit associated with an Allocable Cost Amount calculation. This calculation resets the cost base of certain assets that are being acquired by Perenti. As detailed in the Tax Materials, it has been estimated that there would be a tax cost base uplift of $55 million to consumable stores and $35 million to PPE.

The consumables are likely to be able to claimed as an immediate tax deduction, therefore reducing the Combined Group's taxable income by $55 million. There is also likely to be a tax deduction available for additional tax depreciation for the increase in the cost base of PPE acquired from DDH1. The increase in the cost base has been calculated as approximately $35 million and is to be depreciated over approximately 8 years, in accordance with Perenti's depreciation policy on its existing PPE.

Based on the above analysis, we have calculated the present value of tax savings to be in the range of $89 million to $97 million.

Equity value of Combined Group on minority interest basis

The Combined Group will have 969,432,019 shares on issue, as outlined in section 4. Therefore, we have assessed the FME value of a Combined Group share to be between $1.16 and $1.67, on a minority interest basis.

	Low	High
Equity value of the Combined Group (minority basis) ($m)	**1,125**	**1,620**
Number of shares outstanding	969,432,019	969,432,019
Combined Group value per share (minority basis) ($) (rounded)	**1.16**	**1.67**

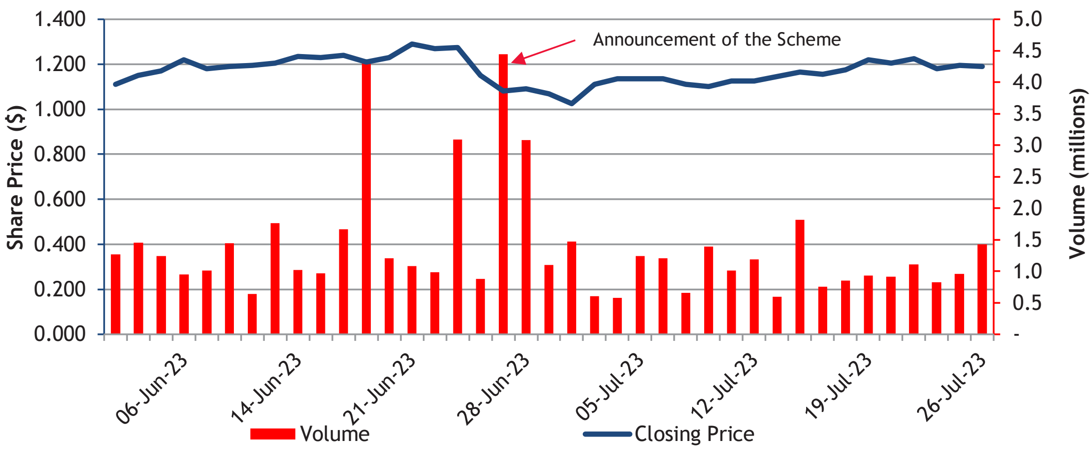
Source: BDO analysis

12.2 Post-announcement pricing of Perenti

Given that we are valuing the Standard Consideration, being the shares in the Combined Group that are to be received by Shareholders, we have used market pricing following the announcement of the Scheme. The market price of Perenti in the period following the announcement of the Scheme can be considered as an indicator of the value of the Combined Group because market participants are fully informed as to the terms of the Scheme, with the price reflecting the market's view of the value of a share in the Combined Group following the implementation of the Scheme. This value includes the acquisition of DDH1, the Scheme Cash Consideration of $50 million exiting the Combined Group and the associated dilution from issuing the Scheme Scrip Consideration.

We have analysed movements in Perenti's share price since the Scheme was announced. A graph of Perenti's share price and trading volume leading up to, and following the announcement of the Scheme is set out below.

Perenti post-announcement pricing and trading volume



Source: Bloomberg

The Scheme was announced on 26 June 2023. On the date that the Scheme was announced, the share price closed at $1.150, down from a closing price of $1.275 on the previous trading day. On that day, 12,463,816 shares were traded, representing approximately 1.58% of Perenti's issued capital. Following the announcement of the Scheme, the closing share price of Perenti has fluctuated between a low of $1.025 on 30 June 2023 to a high of $1.225 on 21 July 2023.

To provide further analysis of the market prices for a Perenti share post the announcement of the Scheme, we have also considered the weighted average market price for the below periods following the announcement up to 26 July 2023:

Share Price per unit	26-Jun-23	5 Days	10 Days	15 Days	20 Days	23 Days
Closing price	$1.150					
Volume weighted average price (VWAP)		$1.109	$1.111	$1.113	$1.129	$1.132

Source: BDO analysis

In accordance with the guidance in RG111, we also consider it appropriate to assess the liquidity of Perenti shares before utilising the QMP basis. The table below sets out the liquidity of Perenti shares as proxied by the volume traded as a percentage of the number of shares on issue. We have this analysis over the twelve months prior to the announcement of the Scheme, in order to determine whether there is sufficient trading in Perenti shares historically in order to rely on a QMP approach.

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$1.258	$1.283	603,722	0.09%
10 Days	$1.165	$1.295	16,145,206	2.37%
30 Days	$1.100	$1.295	45,986,203	6.74%
60 Days	$1.100	$1.295	91,439,119	13.40%
90 Days	$0.985	$1.295	163,343,733	23.94%
180 Days	$0.925	$1.350	346,233,756	50.75%
1 Year	$0.560	$1.350	555,439,557	81.42%

Source: Bloomberg, BDO analysis

The table above indicates that Perenti's shares display a high level of liquidity, with 81.42% of the Company's current issued capital being traded in a twelve-month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Perenti, we consider the shares to display a high level of liquidity, on the basis that more than 1% of securities have been traded weekly on average, with 81.42% of Perenti's current issued capital being traded over a twelve-month period, and 50.75% of Perenti's current issued capital being traded over a 180 trading day period, prior to the announcement of the Scheme. Of the 52 weeks in which our analysis is based on, more than 1% of the Company's securities had been traded in 38 of those weeks.

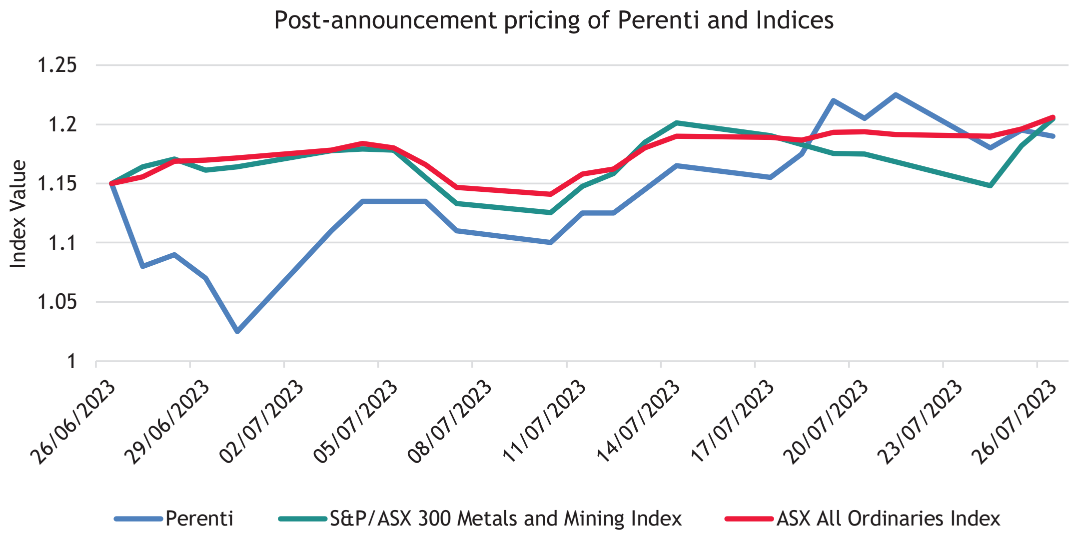
We have also analysed the liquidity of Perenti shares, as proxied by the volume traded as a percentage of the number of shares on issue, over the post announcement period up to 26 July 2023. We conduct this analysis in order to determine whether we consider the Perenti shares to be liquid and active in the period following the announcement of the Scheme.

Trading days	Closing share price low	Closing share price high	Cumulative volume traded	As a % of Issued Capital
1 Day	$1.150	$1.150	10,744,669	1.58%
5 Days	$1.025	$1.150	33,527,921	4.91%
10 Days	$1.025	$1.150	49,336,601	7.23%
15 Days	$1.025	$1.165	56,876,434	8.34%
20 Days	$1.025	$1.225	70,571,035	10.35%
23 Days	$1.025	$1.225	73,733,788	10.81%

Source: Bloomberg, BDO analysis

We consider the trading following the announcement of the Scheme to show high levels of liquidity with over 10.8% of Perenti's shares being traded in the period (23 trading days) following the announcement of the Scheme. However, we consider the share price over the period following the announcement of the Scheme to display high levels of volatility, with the closing share price ranging from $1.025 to $1.225 in the period up to 26 July 2023, reflecting an approximate 19.5% movement in the closing share price. We consider this may indicate uncertainty in the market about the potential effect on valuation of Perenti that may arise following the implementation of the Scheme.

We have also considered if there are other market factors which could influence the Perenti share price following the announcement of the Scheme by analysing movements in the ASX All Ordinaries Index, as a proxy for the market, and the S&P/ASX 300 Metals and Mining Index, as a proxy for DDH1 and Perenti's industry, over the same post-announcement period. Our analysis is depicted in the graph below, with each of the indices rebased to Perenti's share price following the announcement of the Scheme in order to illustrate the relative performance of the indices and Perenti.



Source: Bloomberg and BDO Analysis

We note the performance of the ASX All Ordinaries Index and the S&P/ASX 300 Metals and Mining Index has remained stable over the period following the announcement of the Scheme. Therefore, we consider there is no indication that the Perenti share price has been affected by market conditions outside the operations of Perenti in the period following the announcement of the Scheme.

Based on the above analysis, we consider there to be sufficient liquidity in Perenti's shares in order to utilise post-announcement pricing as an approach to valuing the Standard Consideration. Further, there does not appear to be any market wide or industry events that have occurred between the announcement of the Scheme and the date of our Report that would distort our assessment of the impact of the Scheme on the value of a Combined Group share. However, the high volatility in the Perenti share price over the post-announcement period may indicate uncertainty in the market about the potential effect of the Scheme on the valuation of Perenti as a proxy for the Combined Group.

Our assessment of QMP valuation for Perenti's shares based on post-announcement market pricing is between $1.10 and $1.20.

12.3 Conclusion on the value of a share in the Combined Group following the Scheme

The results of the valuations performed are summarised in the table below:

	Ref	Low $	High $
Future maintainable earnings of the Combined Group (per share value)	12.1	1.16	1.67
Post-announcement quoted market price of Perenti (per share value)	12.2	1.10	1.20

Source: BDO analysis

We consider the FME approach to be most appropriate in valuing a share in the Combined Group for the following reasons:

- Both Perenti and DDH1 have a stable history of earnings, therefore we consider the FME approach to be an appropriate approach in valuing the Combined Group;
- The multiples used for our FME valuation are supported by comparable transaction multiples for transactions where companies are acquiring businesses comparable to the Combined Group;
- The implied multiples of our valuation using the post-announcement pricing approach (as set out in 12.3.1 below) are below the multiples paid by acquirers of businesses comparable to the Combined Group, which contributes to us not placing reliance on it in coming up with our assessed range;
- Despite Perenti shares displaying a high level of liquidity, the price of Perenti shares has displayed a high level of volatility following the announcement of the Scheme, indicating the market may be uncertain of the effect of the Scheme on the valuation of the Combined Group, therefore making the QMP approach less reliable. Further, as at the date of our Report, there were less than five weeks of post-announcement trading data on which to base a QMP valuation. Therefore, over a short time period, high share price volatility can distort the value of a Combined Group share, which may render the market price not reflective of the fair value of a share. Further, our analysis of movements in the market and industry indices over the post-announcement period and

Perenti's share price movements indicate that there are some unexplained price movements, which renders the QMP approach less reliable;

- The market price of a Perenti share may factor in the risk that the Scheme does not proceed, therefore it may not reflect the fair value of a share in the Combined Group. We note that the risk of the Scheme not proceeding will be reflected more in the DDH1 share price, but it would also likely be reflected in the Perenti post-announcement price, albeit to a lesser extent;

The values presented above indicate that the values derived by the FME approach are higher than those results obtained using the QMP approach. We attribute this difference in value between the two approaches to the following:

- Based on our review of the comparable company trading multiples, both prior to and following the announcement of the Scheme, it appears that the market has tended to undervalue Perenti relative to the valuations of other mining services companies. This may be a result of the market pricing in the additional risk of having operations in Africa, relative to the peer companies that we have identified. We also point to Perenti's recent share buyback scheme which may indicate that the management of Perenti believe the Perenti shares to be undervalued by the market;
- As set out above, the post-announcement pricing period includes less than five weeks of trading, therefore the market price may not accurately reflect the fair value of the shares;
- The market price may also reflect the risk that the Scheme does not proceed, which may account for part of the difference between our FME valuation and the post-announcement pricing valuation;
- The market may not be pricing in the full value of the tax synergies as calculated by us to be $89 million to $97 million; and
- Our FME valuation places greater weighting on the FY23 earnings and the analyst consensus forecast earnings for FY24, whereas the market price may be affected by investors' expectations being anchored on the historically lower earnings figures.

Based on the results above we consider the value of a Combined Group share on a minority interest basis to be between $1.16 and $1.67.

BDO

12.3.1. Implied multiple of post-announcement pricing

Based on the value of the Combined Group using a post-announcement QMP approach (as detailed in section 12.2, we have calculated the implied equity value and enterprise value. From this, we have calculated an implied EBITDA multiple as a cross check to help inform our view of whether post announcement pricing is an appropriate valuation approach to value the Combined Group. As set out in the table below, the implied multiple (on a minority interest basis) of the post-announcement pricing is between 2.9 and 3.1.

	Ref	Low A$'000	High A$'000
Assessed value per share of Combined Group ($) (minority)	12.2	1.10	1.20
Number of shares outstanding of Combined Group (million)	4	969	969
Equity value of Combined Group (minority) ($m)		1,066	1,163
Controlling basis equity value of Combined Group		1,386	1,512
Add net debt ($m)	12.1	506	506
Enterprise value of Combined Group ($m)		1,892	2,018
Assessed EBITDA of the Combined Group ($m)	12.1	617	697
EV/EBITDA implied multiple of the Combined Group		**3.1**	**2.9**

Source: BDO analysis

We note that these implied multiples are lower than the multiples paid by acquirers of companies comparable to the Combined Group, which is a factor in our decision to not rely on the post-announcement pricing in forming our assessed value range for a share in the Combined Group.

12.4 Conclusion on the value of the Standard Consideration

Based on the above analysis, the total value of the Standard Consideration is set out below.

	Ref	Low $	High $
Value of the Cash Consideration	4	0.1238	0.1238
Value of 0.7111 shares in the Combined Group (minority basis)	12.3	0.8249	1.1875
Total value of the Standard Consideration (rounded)		**0.95**	**1.31**

Source: BDO analysis

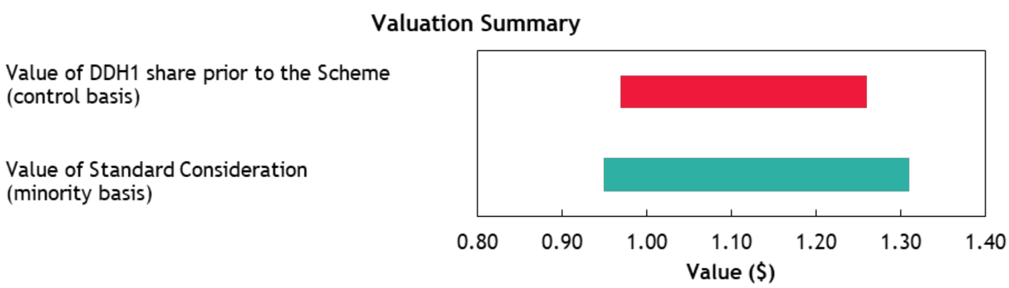
13. Is the Scheme fair?

The value of a share in DDH1 prior to the implementation of the Scheme on a control basis and the value of the Standard Consideration, comprising cash of $0.1238 and 0.7111 shares in the Combined Group on a minority interest basis is compared below:

	Ref	Low $	High $
Value of a DDH1 share prior to the Scheme (control basis)	**11.3**	**0.97**	**1.26**
Value of Standard Consideration			
Value of Cash Consideration	4	0.1238	0.1238
Value of 0.7111 shares in the Combined Group (minority basis)	12.4	0.8249	1.1875
Total value of Standard Consideration (rounded)		**0.95**	**1.31**

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, and a superior proposal, the Scheme is fair for Shareholders. We consider the Scheme to be fair for Shareholders because the range of values of the Standard Consideration overlaps with the value of a DDH1 share prior to the Scheme. We note that at the low end of our assessed valuation ranges, the value of the Standard Consideration is lower than the value of a DDH1 share prior to the Scheme on a control basis. However, given that there is significant overlap in the value of a DDH1 share prior to the Scheme and the value of the Standard Consideration, we consider the Scheme to be fair for Shareholders. We also note that the upside in the high value of the Standard Consideration, relative to the value of a DDH1 share prior to the Scheme, is greater than the potential decrease in the low end value of the Standard Consideration relative to the low value of a DDH1 share prior to the Scheme.

14. Is the Scheme reasonable?

14.1 Advantages of Approving the Scheme

We have considered the following advantages when assessing whether the Scheme is reasonable.

14.1.1. The Scheme is fair

As set out in section 13, the Scheme is fair. RG 111.12 states that an offer is reasonable if it is fair.

14.1.2. Creation of an enlarged group and potential re-rating of the Combined Group

Based on the pre-Scheme market capitalisations of both DDH1 and Perenti, if the Scheme is approved then the Combined Group will have a market capitalisation of approximately $1.2 billion.

The increased market capitalisation may result in the Company being eligible for inclusion in the S&P ASX200 index. The S&P ASX200 index is rebalanced quarterly on the third Friday of March, June, September and December. There are also inter-quarter rebalances that can occur depending on the situation, for example in the instance of a merger. The rebalancing of the ASX200 results in a company or companies being removed from the index and a company or companies being included in the index. Of the current constituents of the ASX 200 index, the smallest market capitalisation is approximately $394 million. Therefore, if the Scheme is approved, based on pre-Scheme market capitalisations it is likely that the Combined Group will be included in the ASX200 index in the foreseeable future.

Inclusion in the ASX200 index may create increased demand for the Combined Group's shares with investors re-balancing their portfolios to include those constituents of the index, as well as creating increased buying support from Exchange Traded Funds. These types of investors often transact in high values relative to retail shareholders, which may create upward pressure on the Combined Group's share price as well as improving liquidity.

Further, the creation of an enlarged group may improve the Combined Group's ability to win large long-term contracts and may provide DDH1's business units the opportunity to tender and win larger drilling contracts. Any resulting increase in value has not been reflected in our valuation of the Combined Group. This is because in accordance with ASIC's regulatory guides, RG 170 and RG 111, we would not have sufficient reasonable grounds on which to quantify the value uplift associated with DDH1 joining the enlarged Perenti group.

14.1.3. Potential access to revenue synergies, including increased market share and profitability

As set out in section 7 of our Report, if the Scheme is implemented, the Combined Group will likely have a market capitalisation in excess of $1.2 billion (based on pre-Scheme market capitalisations of DDH1 and Perenti). We have valued the Combined Group as a component of the Standard Consideration by utilising an FME approach, by considering the post-announcement pricing of Perenti and by aggregating the pre-Scheme market capitalisations of DDH1 and Perenti and valuing the operating synergies.

However, in valuing the operating synergies for the FME and aggregation of pre-Scheme market capitalisations approaches, we have only valued those synergies for which we have sufficient reasonable grounds in accordance with ASIC's RG 170 and RG 111. Therefore, the operating synergies that we have valued largely relate to the cost saving synergies that can be realised with a greater level of certainty in the short to medium term, such as tax synergies and listing cost synergies.

If the Scheme is implemented, it will enhance DDH1's presence in the mining services market. With the complementary business units of Perenti, DDH1 will have greater capability to extend their involvement through the entire life cycle of a mining project, from exploration through to development and mining.

Further, if the Scheme is implemented, both DDH1 and Perenti will be able to utilise each others' client portfolios and leverage the relationships within each of the respective business units which may lead to revenue growth. Revenue growth in the longer term may occur on the back of the Combined Group being the main contractor across the entire life cycle of a mining project. For example, Strike may be used for first pass RC/AC exploration drilling and as discovery occurs and as the project progresses through development phase and ultimately to production, the familiarity of the Combined Group with the Project may improve the likelihood of the Combined Group winning the contract mining services over the life of mine.

By vertically integrating the businesses of DDH1 and Perenti, it may also give rise to increased profitability with DDH1 being able to service its client base through the entire life cycle of a project, earning a margin at each stage. In addition to the cost reduction synergies that have been valued in section 12.3 of our Report, there may also be an opportunity to improve margins through reducing operating costs by utilising the mining technology products developed by Perenti's idoba Division brands, idoba and Orelogy.

14.1.4. Exposure to more diversified operations

If the Scheme is implemented, Shareholders will go from holding shares in a drilling company with Australian operations to holding shares in a mining services conglomerate covering drilling, mining and mining related services and mining technology across a range of tier one mining jurisdictions such as Australia and North America. Following the Scheme, Shareholders will also gain exposure to Perenti's operations across Africa, including Botswana, Burkina Faso, Senegal, Tanzania and Ghana.

The exposure to operations in Africa introduces additional risk for Shareholders, however it provides the opportunity for higher returns, which may not be available to Shareholders if the Scheme does not proceed and they retain their interest in DDH1, a domestic drilling business. The Scheme provides Shareholders with exposure to the potential upside associated with operating across a number of different jurisdictions, whilst also providing Shareholders with diversification such that the returns of the company are not reliant on the Australian mining and exploration industries.

14.1.5. The Standard Consideration includes a cash component which provides certainty of value for Shareholders

As detailed in section 4 of our Report, the Standard Consideration includes a cash component of $0.1238 per share (prior to dividend adjustments). As such, the Scheme Cash Consideration provides shareholders with certainty in terms of part of the value that they are receiving as consideration for their DDH1 shares.

14.1.6. The Standard Consideration provides Shareholders with the flexibility of being able to elect whether they receive the Standard Consideration in the form of scrip or shares, subject to scale back arrangements

As detailed in section 4 of our Report, Shareholders can make a full scrip or full cash election, whereby the Standard Consideration is adjusted to suit the individual Shareholder's preferences. However, the total Scheme Cash Consideration to be paid by Perenti will be $50 million. Therefore, the elections made by Shareholders will be subject to scale back arrangements such that the total cash paid by Perenti will be $50 million and the total number of shares to be issued will be 287,259,711. As such, although the structure of the Standard Consideration provides Shareholders with flexibility, the election made by Shareholders does not guarantee them either full cash or full scrip consideration as it will be dependent on the elections of other Shareholders.

14.2 Disadvantages of Approving the Scheme

If the Scheme is approved, in our opinion, the potential disadvantages to Shareholders include those set out below:

14.2.1. Dilution of Shareholders' exposure to the potential value upside of DDH1's operations

If the Scheme is implemented, Shareholders will go from holding 100% of the issued capital of DDH1 to collectively holding approximately 29.6% of the Combined Group. Therefore, if the Scheme is implemented, Shareholders will go from having full exposure to any upside in value that may be generated by DDH1 to sharing that upside with other shareholders of the Combined Group, should it materialise.

14.2.2. If the Scheme proceeds, Shareholders may forego the opportunity to receive a takeover premium in the future

If the Scheme is approved, Shareholders may forego the opportunity for a takeover offer in the future. This is because the potential buyer pool for an enlarged business such as Perenti would be smaller than the potential acquirers for DDH1. Notwithstanding, we note that Perenti, through the Oaktree Call Option, has the option to purchase 19.99% of the issued capital of DDH1, should a competing proposal emerge. This is not considered a blocking stake, however it may reduce the likelihood of a competing offer being made.

14.3 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of DDH1 a premium over the value resulting from the Scheme.

As set out in section 4 and section 5.7 of our Report, on 25 June 2023, Perenti entered into the DDH1 Option Deed which provides Perenti with the right to purchase a 19.99% interest in DDH1 from Oaktree at $1.03 per share. The Oaktree Call Option is exercisable if a public announcement is made in relation to a competing proposal. Although this interest does not represent a controlling interest and is not considered a blocking stake, it is likely to reduce the likelihood of another competing proposal emerging. Tax implications

Shareholders are directed to Section 10 of the Scheme Booklet for a more detailed explanation of the tax implications of the Scheme for Shareholders. We emphasise that the tax circumstances of each shareholder can differ significantly and individual shareholders are advised to obtain their own specific advice.

14.4 Dividends and franking credits

If the Scheme is implemented, it is expected that Perenti's effective tax rate will reduce with an increase in the weighting of earnings derived in Australia. This may enhance the generation of franking credits for the Combined Group.

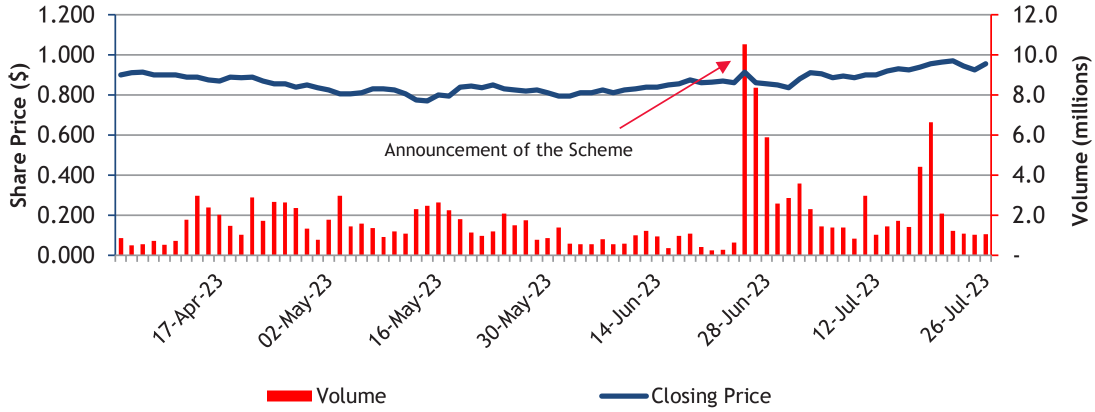
We note that DDH1 historically has provided shareholders with fully franked dividends. If the Scheme is implemented and DDH1 utilises Perenti's Australian tax losses, then it will likely impact the Combined Group's ability to pay franked dividends. Therefore, Shareholders may go from receiving a fully franked dividend in DDH1 to receiving a partially franked or unfranked dividend in the Combined Group.

14.5 Consequences of not Approving the Scheme

14.5.1. Potential decline in share price

We have analysed movements in DDH1's share price since the Scheme was announced. A graph of DDH1's share price and trading volume leading up to, and following the announcement of the Scheme is set out below. For a longer historical period, refer to Section 11.2 of our Report.

DDH1 post-announcement pricing and trading volume



Source: Bloomberg

The closing price of a DDH1 share from 1 April 2023 to 26 July 2023 ranged from a low of $0.770 on 15 May 2023 to a high of $0.970 on 21 July 2023.

The Scheme was announced on 26 June 2023. On the date that the Scheme was announced, the share price closed at $0.915, up from a closing price of $0.860 on the previous trading day. On that day, 10,538,660 shares were traded, representing approximately 2.63% of DDH1's current issued capital. Following the announcement of the Scheme, the share price of DDH1 has fluctuated from a low of $0.835 on 30 June 2023, to a high of $0.970 on 21 July 2023.

Given the above analysis it is possible that if the Scheme is not approved then DDH1's share price may decline to pre-announcement levels.

14.5.2. Transaction costs will be incurred by DDH1 and a break fee may be payable to Perenti

If the Scheme is not implemented, transaction costs of approximately $2.36 million will be borne by DDH1 with no achieved outcome. In addition to this, there is a potential break fee of $4.13 million that may be payable to Perenti, depending on the circumstances under which the Scheme does not proceed.

We note that the break fee is not payable by DDH1 as a result in itself of DDH1 not obtaining the requisite approval level from Shareholders. The conditions around the payment of the break fee are set out in section 4 of our Report and are detailed in the SIA (announced on 26 June 2023).

14.6 Other considerations

14.6.1. Holding shares in Perenti may not align with Shareholders' risk preferences

If the Scheme is implemented, Shareholders will go from holding shares in a drilling company with primary operations in Australia to holding shares in a diversified mining services company that has significant exposure to sovereign risk from operating in Africa. The economic analysis of the African countries that Perenti has projects in, provides context for the additional risk involved with operating in Africa compared to Australia. However, it is worth noting that as set out in section 14.1, this additional risk allows for the possibility of greater returns. Further, the exposure to sovereign risk is mitigated by the diversification that the Scheme provides to Shareholders.

We have presented this as another consideration as it will depend on Shareholders' individual risk preferences as to whether this is considered an advantage or a disadvantage.

We also note that Shareholders have the option to make the full cash election in the event that the Scheme Scrip Consideration does not align with their risk preferences. Notwithstanding, the cash election may be subject to scale back depending on the level of full cash and full scrip elections that are made by other Shareholders.

14.6.2. Shareholders should consider the potential adjustments to the Scheme Consideration if they make an election for Maximum Cash Consideration or Maximum Scrip Consideration

As detailed in section 4 of our Report, Shareholders are offered the ability to elect a form of Scheme consideration which best fulfils their investment objectives, by electing the Maximum Scrip Consideration or Maximum Cash Consideration. The value of the total consideration to be paid by Perenti to acquire the entire issued capital of DDH1 is fixed (assuming that no dividends are declared by either Perenti or DDH1), with the elections made by Shareholders representing a shift of consideration between Shareholders.

Our Report is prepared to Shareholders as a whole, and is not advice to individual Shareholders. We note that a Maximum Cash Election or Maximum Scrip election will be scaled back depending on the proportion of Shareholders making either election. If Shareholders make an election, the number of shares that they will receive will be adjusted based on the VWAP of Perenti shares over the five trading day period that ends two days prior to the Election Date. The adjustment mechanism is set out in section 1.6 of the Scheme Booklet. Shareholders should consider the adjustment mechanism in light of their own circumstances before choosing to make an election.

15. Conclusion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior proposal, the Scheme is fair and reasonable to Shareholders. Therefore, the Scheme is in the best interests of Shareholders.

16. Sources of information

This report has been based on the following information:

- Draft Scheme Booklet on or about the date of this report;
- Audited financial statements of DDH1 and Perenti for the years ended 30 June 2021 and 30 June 2022;
- Reviewed financial statements of DDH1 and Perenti for the half year ended 31 December 2022;
- Unaudited management accounts of DDH1 for the years ended 30 June 2021, 30 June 2022 and 30 June 2023, including breakdown of business units;
- DDH1 FY23 and FY24 budgeted financial performance;
- Unaudited management accounts of Perenti for the year ended 30 June 2023;
- Scheme Implementation Agreement;
- Share registry information;
- Tax advice and accompanying tax model, provided by DDH1;
- Combined Group synergies reports and workings;
- Project Acorn SIA cash election mechanism – Scheme Booklet tables;
- Various research analyst reports;
- Information in the public domain including:
  - Announcements made by DDH1 and Perenti available through the ASX;
  - Announcements made by publicly listed companies from Appendix 4 and Appendix 5;
  - Bloomberg data;
  - Capital IQ;
  - RBA Monetary Policy Decision dated 4 July 2023 and prior periods;
  - African Development Bank Group: African Economic Outlook 2023;
  - Central Bank of West African States Monthly Statistical Bulletin dated 26 June 2023 and prior periods;
  - IBISWorld Industry Report - Contract Mining Services in Australia;
  - World Bank Report – Mining in Africa. Are Local Communities Better Off?;
  - International Energy Agency Report – The Role of Critical Minerals in Clean Energy Transitions;
  - Australian Government, Department of Industry, Science and Resources, Resources and energy quarterly: March 2023; and
- Discussions with Directors and Management of DDH1.

17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $150,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by DDH1 in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by DDH1, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to DDH1 and Perenti and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of DDH1 and Perenti and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with DDH1, Perenti, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to DDH1 and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes, Adam Myers and Ashton Lombardo of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 35 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 500 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 25 years in the audit and corporate finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Ashton Lombardo is a member of the Australian Institute of Chartered Accountants and is a CA BV Specialist. Ashton has over twelve years of experience in Corporate Finance and has facilitated the preparation of numerous independent expert's reports and valuations. Ashton has a Bachelor of Economics and a Bachelor of Commerce from the University of Western Australia and has completed a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

19. Disclaimers and consents

This report has been prepared at the request of DDH1 for inclusion in the Scheme Booklet which will be sent to all DDH1 Shareholders. DDH1 engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed scheme of arrangement with Perenti.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Perenti. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by DDH1 and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of DDH1, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the scheme meeting.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes
Director

Adam Myers
Director

The Directors

BDO Corporate Finance (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth, WA 6000

Australia

Appendix 1 – Glossary of Terms

Reference	Definition
the Act	The Corporations Act 2001 Cth
AMS	African Mining Services
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 ‘Valuation Services’
ASIC	Australian Securities and Investments Commission
Asset Finance Credit Line	DDH1's $10 million asset finance credit line with Bankwest
ASX	Australian Securities Exchange
AUD	Australian Dollar
AUMS	African Underground Mining Services
BAC	Boosting Apprenticeship Commencements Scheme
Barminco	Barminco Holdings Pty Limited
BDO	BDO Corporate Finance (WA) Pty Ltd
CAC	Completing Apprenticeship Commencements Scheme
Chrysos	Chrysos Corporation Limited
Combined Group	The combined operations of Perenti and DDH1, which upon implementation of the Scheme, DDH1 will become a wholly owned subsidiary of Perenti
CPI	Consumer Price Index
CVWAP	The five-day volume weighted average price of Perenti shares ending two business days prior to the Scheme Election Date, excluding any excluding any ‘Crossing’ transacted outside of the ‘Open Session State’ or any ‘Special Crossing’ transacted at any time, each as defined in the ASX Operating Rules
DCF	Discounted Future Cash Flows

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Reference	Definition
DDH1	DDH1 Limited
DDH1 Drilling	DDH1 Drilling
DDH1 Loan Share Deeds	DDH1 Loan Share agreements entered into by DDH1 with key management personal
DDH1 Loan Share holders	Key management personal of DDH1 that entered into DDH1 Loan Shares
DDH1 Loan Shares	DDH1's limited recourse loan agreements, whereby funds are loaned to key management personal, who use the proceeds of the loan to purchase shares at a fixed acquisition price. The recipients of the loan can then sell the shares at any point over the term of the loan and use the proceeds to repay the loan
DDH1 Option Deed	Call option deed executed between Oaktree and Perenti on 25 June 2023, providing Perenti the option to purchase a 19.99% interest in DDH1, from Oaktree.
DDH1 Performance Rights	DDH1's 2,871,860 performance rights currently on issue
DDH1 Permitted Dividend	Pursuant to the terms of the SIA, DDH1 is permitted to pay Shareholders a fully franked dividend to a maximum aggregate amount of $15 million
Drilling Services Division	The newly formed drilling service division of the Combined Group, comprising of the four DDH1 business units and Perenti's Audrill business
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
Election Date	The last date for receipt of an Election Form in order to make an Election in accordance with the terms of the Scheme, being 7.00pm (Sydney time) on the fourth Business Day before the cut-off date for the lodgement of proxies at the Scheme Meeting, or such other date and time as Perenti and DDH1 agree in writing.
EV	Enterprise Value
EV/EBITDA	EV/EBITDA multiples
the Facilities	DDH'1 credit line with Bankwest, comprising of the Revolving Credit Line and Asset Finance Credit Line
Facility	Perenti's $420 million syndicated debt facility
FME	Future Maintainable Earnings
FSG	Financial Services Guide

Reference	Definition
FY21	Financial year ended 30 June 2021
FY22	Financial year ended 30 June 2022
FY23	Financial year ended 30 June 2023
FY23 Dividend	Any DDH1 or Perenti final declared dividend for the year ended 30 June 2023
FY24	Financial year ending 30 June 2024
GDP	Gross Domestic Product
IEA	International Energy Agency
Implementation Date	Scheme implementation date
KMP	Key management personnel
Material Change of Control Contracts	DDH1 customer contracts which contain a change of control contract clause that would take effect upon implementation of the scheme
MinAnalytical	MinAnalytical Laboratory Services Australia Pty Ltd
MMG	MMG Limited
MOU	Memorandum of Understanding
NAV	Net Asset Value
Oaktree	DDH1 Holdings Singapore Pte Ltd
Oaktree Call Option	Call option that if exercised, would require Oaktree to sell 80,178,575 DDH1 shares to Perenti, if a public announcement is made in relation to a competing proposal
our Report	This Independent Expert's Report prepared by BDO
Perenti	Perenti Limited
Perenti Notes	Perenti's US$450 million offering of Guaranteed Senior Notes to qualified institutional buyers
Perenti Permitted Dividend	Pursuant to the terms of the SIA, Perenti is permitted to pay the shareholders of Perenti a fully franked dividend to a maximum aggregate amount of $20 million.

Reference	Definition
PPE	Property, plant and equipment
QMP	Quoted market price
Ranger	Ranger Drilling
RBA	Reserve Bank of Australia
Record Date	Refers to 7.00pm (Sydney time) on the date that is two Business Days after the Effective Date or such other time and date agreed between DDH1 and Perenti in writing.
Regulations	The Scheme is implemented pursuant of Part 3 of Schedule 8 to the Act, which prescribes the information to be sent to shareholders in relation to schemes of arrangement
Revolving Credit Line	DDH1's $85 million revolving credit line with Bankwest
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RG 60	Schemes of Arrangements (September 2020)
the Scheme	The proposed scheme of arrangement, whereby it is proposed Perenti will acquire the entire issued capital of DDH1
Scheme Cash Consideration	Under the terms of the Scheme, each DDH1 shareholder will receive $0.1238 cash as part of the Standard Consideration
Standard Consideration	Pursuant to the Scheme, shareholders of DDH1 will receive $0.1238 cash and 0.7111 Perenti shares for each DDH1 share held, unless an election for maximum cash or maximum scrip is made
Scheme Scrip Consideration	Under the terms of the Scheme, each DDH1 shareholder will receive 0.7111 Perenti shares for each DDH1 share held at the record date as part of the Standard Consideration
Section 411	Section 411 of the Act
Shareholders	Shareholders of DDH1
Share Buy-Back Program	On-market share buyback program undertaken by Perenti
SIA	Scheme Implementation Agreement
Strike	Strike Drilling
Sumitomo	Sumitomo Corporation

Reference	Definition
Swick	Swick Mining Services
USD	US Dollar
VWAP	Volume weighted average price
Wiluna	Wiluna Mining Corporation

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (‘**EBIT**’) or earnings before interest, tax, depreciation and amortisation (‘**EBITDA**’). The capitalisation rate or ‘earnings multiple’ is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows (‘DCF’)*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 – Control Premium Data

Industrial Sector

Year	Number of Transactions	Average Deal Value ($m)	Average Control Premium (%)
2023	0	-	-
2022	4	5,378.39	20.97
2021	1	15.58	88.98
2020	0	-	-
2019	1	16.89	28.21
2018	3	352.41	29.68
2017	3	482.26	30.46
2016	4	357.87	51.04
2015	2	4,014.50	36.64
2014	2	451.69	21.10
2013	1	393.58	13.72

Source: Bloomberg, BDO Analysis

Mining Sector

Year	Number of Transactions	Average Deal Value ($m)	Average Control Premium (%)
2023	10	195.99	23.31
2022	11	1,920.11	20.03
2021	7	2,871.97	27.03
2020	9	508.23	30.34
2019	11	151.40	37.15
2018	11	150.08	30.66
2017	6	37.30	49.19
2016	12	88.79	46.68
2015	14	174.05	37.66
2014	20	198.99	48.10
2013	10	31.67	37.90

Source: Bloomberg, BDO Analysis

All ASX-listed Companies

Year	Number of Transactions	Average Deal Value ($m)	Average Control Premium (%)
2023	15	393.35	28.95
2022	39	3,199.03	23.39
2021	29	1,348.05	34.75
2020	16	367.97	40.43
2019	29	4,165.55	32.83
2018	26	1,571.79	30.07
2017	24	1,168.71	36.75

Year	Number of Transactions	Average Deal Value ($m)	Average Control Premium (%)
2016	28	490.46	38.53
2015	28	948.39	33.53
2014	36	485.46	37.39
2013	15	87.79	37.70

Source: Bloomberg, BDO Analysis

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Appendix 4 – Trading Multiples Analysis

Company	Exch.	Enterprise Value (A$m)	Market Cap. (A$m)	Revenue (A$m)	LTM EBITDA (A$m)	EV/EBITDA	Est. FY23 EBITDA (A$m)	EV/FY23 EBITDA Est.	Fwd FY24 EBITDA (A$m)	EV/FY24 Fwd EBITDA
ASX-Listed Drilling Services										
DDH1 Limited	ASX	343	336	533	113	3.04	118	2.91	129	2.65
Dynamic Group Holdings Limited	ASX	62	38	85	14	4.42	18	3.44	n/a	n/a
Boart Longyear Group Ltd.	ASX	732	473	1529	143	5.12	185	3.95	n/a	n/a
Mitchell Services Limited	ASX	129	90	231	26	4.94	41	3.14	42	3.06
	Mean	**308**	**201**	**615**	**61**	**4.83**	**81**	**3.51**	**42**	**3.06**
	Median	**129**	**90**	**231**	**26**	**4.94**	**41**	**3.44**	**42**	**3.06**
International Drilling Services										
Geodrill Limited	TSX	149	161	213	58	2.55	57	2.61	64	2.33
Major Drilling Group	TSX	804	881	821	163	4.93	159	5.07	190	4.24
Foraco International SA	TSX	314	187	524	114	2.76	115	2.73	155	2.02
Orbit Garant Drilling Inc.	TSX	72	28	229	22	3.24	25	2.86	26	2.74
Capital Limited	LSE	354	319	427	131	2.72	147	2.41	152	2.34
	Mean	**339**	**315**	**443**	**98**	**3.24**	**101**	**3.14**	**117**	**2.73**
	Median	**314**	**187**	**427**	**114**	**2.76**	**115**	**2.73**	**152**	**2.34**
Mining, Civil, & Construction Services										
Perenti Limited	ASX	1,369	870	2,684	461	2.97	563	2.43	547	2.50
Austin Engineering Limited	ASX	191	160	238	27	7.17	n/a	n/a	48	6.19
Emeco Holdings Limited	ASX	650	369	811	217	3.00	250	2.60	280	2.60
GR Engineering Services Limited	ASX	283	355	681	46	6.14	46	6.10	n/a	n/a
Macmahon Holdings Limited	ASX	551	305	1,876	295	1.87	287	1.92	310	1.75
MLG Oz Limited	ASX	163	94	324	32	5.01	33	n/a	49	4.32
Monadelphous Group Limited	ASX	1,194	1,271	1,712	91	13.12	116	10.29	129	10.82
NRW Holdings Limited	ASX	1,341	1,169	2,595	261	5.15	270	4.97	306	4.71
SRG Global Limited	ASX	372	387	727	63	5.88	80	4.67	95	4.69
Mean (excluding outliers)		**593**	**514**	**1120**	**129**	**4.89**	**187**	**4.05**	**220**	**4.04**
Median (excluding outliers)		**461**	**362**	**769**	**77**	**5.15**	**165**	**4.67**	**205**	**4.51**

Source: Capital IQ and BDO analysis

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Company	Exchange	Equity Value (A$m)	Net Profit after Tax (A$m)	Equity Value/ NPAT
ASX-Listed Drilling Services				
DDH1 Limited	ASX	336	45	7.54
Dynamic Group Holdings Limited	ASX	38	(1.89)	NM
Boart Longyear Group Ltd.	ASX	473	17	27.15
Mitchell Services Limited	ASX	90	(0.89)	NM
	Mean	**234**	**15**	**17.34**
	Median	**213**	**8**	**17.34**
International Drilling Services				
Geodrill Limited	TSX	161	28	5.67
Major Drilling Group	TSX	881	84	10.54
Foraco International SA	TSX	187	39	4.83
Orbit Garant Drilling Inc.	TSX	28	4	6.48
Capital Limited	LSE	319	31	10.33
	Mean	**315**	**37**	**7.57**
	Median	**187**	**31**	**6.48**
Mining, Civil, & Construction Services				
Perenti Limited	ASX	870	56	15.60
Austin Engineering Limited	ASX	160	11	14.57
Emeco Holdings Limited	ASX	369	37	9.85
GR Engineering Services Limited	ASX	355	33	10.78
Macmahon Holdings Limited	ASX	305	47	6.43
MLG Oz Limited	ASX	94	6	16.89
Monadelphous Group Limited	ASX	1,271	51	24.77
NRW Holdings Limited	ASX	1,169	88	13.27
SRG Global Limited	ASX	387	24	16.31
	Mean	**553**	**39**	**14.28**
	Median	**369**	**37**	**14.57**
	Combined Mean			**12.56**
	Combined Median			**10.66**

Source: Capital IQ and BDO analysis

Company Name	Business Description
ASX-Listed Drilling Services	
Dynamic Group Holdings Limited	Dynamic Group Holdings Limited provides drilling and blasting services for mining and construction sectors in Western Australia. It offers exploration and grade control drilling services. The company was formerly known as Dynamic Drill and Blast Holdings Limited. The company was incorporated in 2020 and is based in Osborne Park, Western Australia.
Boart Longyear Group Ltd.	Boart Longyear Group Ltd. provides drilling services, drilling equipment, and performance tooling for mining and mineral drilling companies internationally. It offers diamond coring exploration, reverse circulation, large diameter rotary, mine dewatering, water supply, pump services, production, and sonic drilling services. The company also manufactures, markets, and services drill rigs, drill string products, rugged performance tooling, durable drilling consumables, and parts. In addition, it utilises scanning technology and down-hole instrumentation tools to capture detailed geological data from drilled core and chip samples. Boart Longyear Group Ltd. was founded in 1890 and is headquartered in West Valley City, Utah.
Mitchell Services Limited	Mitchell Services Limited, together with its subsidiaries, provides exploration and mine site drilling services to the exploration, mining, and energy industries in Australia. The company's drilling services include greenfield exploration, project feasibility, mine site exploration and resource definition, development, and production. It also provides coal exploration, mineral exploration, mine services, underground coal drilling, and drill and blast services. The company was formerly known as Drill Torque Limited and changed its name to Mitchell Services Limited in December 2013. Mitchell Services Limited was founded in 1969 and is headquartered in Seventeen Mile Rocks, Australia.
International Listed Drilling Services	
Geodrill Limited	Geodrill Limited, together with its subsidiaries, provides mineral exploration drilling services to mining companies in West Africa, Egypt, Zambia, Chile, and Peru. It offers reverse circulation, core, air-core, deep directional Navi drilling, reverse circulation grade control, water borehole, underground, and horizontal drilling services. Geodrill Limited was incorporated in 1998 and is headquartered in Douglas, Isle of Man.
Major Drilling Group	Major Drilling Group International Inc. provides contract drilling services for mining and mineral exploration companies. The company offers a suite of drilling services, including surface and underground coring, directional, reverse circulation, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive, longhole drilling, surface drill and blast, and related mining services. The company was founded in 1980 and is headquartered in Moncton, Canada with additional offices in the United States, Mexico, South America, Asia, Africa, and Australia.
Foraco International SA	Foraco International SA, together with its subsidiaries, provides drilling services worldwide. The company offers its drilling services to the mining and energy industry, such as exploration, development, and production related drilling services. It also drills wells for drinking, irrigation, and industrial water. In addition, the company offers drilling services offered to the environmental and construction industry such as geological exploration and geotechnical drilling. It serves mining, geological, and hydraulic drilling sectors. The company was founded in 1961 and is headquartered in Marseille, France.
Orbit Garant Drilling Inc.	Orbit Garant Drilling Inc. provides mineral drilling services in Canada, the United States, South America, and West Africa. It provides underground and surface diamond drilling services to mining companies through various stages of mineral exploration, mine development, and production. The company also offers geotechnical and water drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. In addition, the company manufactures and sells conventional and specialised drill rigs. Orbit Garant Drilling Inc. was founded in 1965 and is headquartered in Val-d'Or, Canada.

Company Name	Business Description
Capital Limited	Capital Limited, together with its subsidiaries, provides various drilling solutions to customers in the minerals industry. It offers exploration drilling services, including air core, reverse circulation, diamond core, deep hole diamond, directional, and underground diamond drilling. The company also offers mineral geochemical analysis laboratory services, blast hole drilling services and grade control drilling services, such as advanced/deep grade control, shallow grade control, reverse circulation, and underground diamond drilling. The company was formerly known as Capital Drilling Limited and changed its name to Capital Limited in June 2020. Capital Limited was founded in 2004 and is headquartered in London, the United Kingdom.
Mining, Civil, & Construction Services	
Austin Engineering Limited	Austin Engineering Limited, together with its subsidiaries, engages in the manufacture, repair, overhaul, and supply of mining attachment products, and other associated products and services for the industrial and resources-related business sectors. It offers loading and hauling solutions, including off-highway dump truck bodies, buckets, and water tanks for multi-commodity open-cut and underground operations, as well as tire handlers and other ancillary equipment. The company also provides on and off-site repair and maintenance, condition monitoring, engineering, product improvements, heavy equipment lifting and transport, specialised fabrication, blasting and painting, line boring and machining, and CNC profile cutting and pressing services. It serves miners, mining contractors, and original equipment manufacturers in the Asia Pacific, North America, and South America. Austin Engineering Limited was founded in 1982 and is headquartered in Kewdale, Western Australia.
Emeco Holdings Limited	Emeco Holdings Limited provides heavy earthmoving equipment and mining service solutions in Australia. The company rents trucks, excavators, dozers, loaders, and graders. It is also involved in the maintenance and remanufacturing of various components of heavy earthmoving equipment, mechanical and boilermaker repair services, sandblasting services and painting services. The company was founded in 1972 and is headquartered in Perth, Western Australia.
GR Engineering Services Limited	GR Engineering Services Limited is an engineering, consulting, and contracting company, that provides engineering design and construction services to the mining and mineral processing industries in Australia and internationally. The company's services include the design and construction of minerals processing facilities and related infrastructure for greenfield or brownfield projects, such as plant modifications, plant evaluation and condition reports, plant operations, maintenance support/optimisation and plant relocation, refurbishment, and recommissioning. The company also engages in the provision of owners representatives and teams for project management and delivery, and asset management services. Its services also comprise engineering and process design consulting services, feasibility studies comprising scoping, pre-feasibility, and definitive engineering studies, as well as feasibility studies. In addition, the company offers operations, maintenance, and well management services to the oil and gas sector. GR Engineering Services Limited was founded in 1986 and is based in Ascot, Western Australia.
Macmahon Holdings Limited	Macmahon Holdings Limited provides mining and civil construction services to mining companies in Australia, Indonesia, Malaysia, and South Africa. Its surface mining services include mine planning and analysis, drill and blast, bulk and selective mining, crushing and screening, fixed plant maintenance, water management, and equipment operation and maintenance. The company also provides underground mining services, including mine development and production, raise and production drilling, cable bolting, shotcreting, remote shaft lining, and shaft sinking. In addition, it offers topsoil and overburden stripping, bulk earthworks, road design and construction, train loading facilities, water infrastructure, revegetation, rehabilitation monitoring and maintenance, and engineering services. Further, the company provides equipment maintenance and management support services; and advisory operational improvement services with mine planning, maintenance, and employee engagement. Macmahon Holdings Limited was incorporated in 1963 and is headquartered in Perth, Western Australia.

Company Name	Business Description
MLG Oz Limited	MLG Oz Limited provides mine site services in Western Australia and the Northern Territory. The company offers mine site and bulk haulage services, road and vehicle maintenance, machine and labour hire, rehabilitation work, and supplies construction materials, including sand, aggregate, cement, and lime for mining and civil projects. It also provides crushing and screening services comprising mobile and fixed plant crushing equipment, mine ore crushing, concrete aggregate production, road base production, general screening service; and export logistics services, including mine to port transport, container packing and devanning, import receival and distribution, and shipping documentation services. MLG Oz Limited was founded in 2001 and is headquartered in Kalgoorlie, Western Australia.
Monadelphous Group Limited	Monadelphous Group Limited, an engineering group, provides construction, maintenance, and industrial services to resources, energy, and infrastructure industries in Australia, Chile, Mongolia, China, Papua New Guinea, and internationally. The company offers fabrication, modularization, offsite pre-assembly, procurement, and installation of structural steel, tankage, mechanical and process equipment, piping, demolition, and remediation works. The company also provides multi-disciplined construction services, plant commissioning, electrical and instrumentation services, engineering, procurement, construction services, process and non-process maintenance services, front-end scoping, shutdown planning, management, and execution services. It also provides water and wastewater asset construction and maintenance, transmission pipelines, facilities construction, power and water assets operation and maintenance, heavy lift and specialist transport, access solutions, dewatering services, corrosion management services, specialist coatings, rail maintenance services, and insulation and cladding services. In addition, it offers turnkey design and construction, heavy lift and crane, and civil and electrical services. Monadelphous Group Limited was founded in 1972 and is headquartered in Perth, Western Australia.
NRW Holdings Limited	NRW Holdings Limited, through its subsidiaries, provides diversified contract services to the resources and infrastructure sectors in Australia. The Civil segment delivers private and public civil infrastructure, mine development, bulk earthworks, and commercial and residential subdivision projects. The Mining segment engages in the mine management, contract mining, load and haul, dragline, drill and blast, coal handling preparation plant operations, maintenance activities and the fabrication of water and service vehicles. The Minerals, Energy & Technologies segment provides materials handling, onsite maintenance, shutdown services, industrial engineering and fabrication services, and engineering, procurement, and construction services. It also provides heat treatment services, as well as mining equipment solutions. The company was founded in 1994 and is headquartered in Belmont, Western Australia.
SRG Global Limited	SRG Global Limited provides engineering-led specialist asset maintenance, mining services, and engineering and construction services in Australia and internationally. The Asset Maintenance segment supplies integrated services to customers in various sectors, including oil and gas, energy, infrastructure, offshore, mining, power generation, water treatment plants, commissioning, decommissioning, shutdowns, and civil works. The Mining Services segment offers ground solutions, including production drilling, ground and slope stabilization, and design engineering and monitoring services. The Engineering and Construction segment supplies integrated products and services to customers involved in the construction of infrastructure, which includes bridges, dams, office towers, high rise apartments, shopping centres, hotels, car parks, recreational buildings, and hospitals. The company was formerly known as Structural Systems Limited and changed its name to SRG Global Limited in November 2014. SRG Global Limited was founded in 1961 & headquarters in Subiaco, Western Australia.

Source: Capital IQ and BDO analysis

Appendix 5 – Transaction Multiples Analysis

Transaction close date	Target	Acquirer	Target Acquired (%)	EV (A$m)	EBITDA (A$m)	Implied EBITDA multiple
Drilling Services						
14/07/2021	Orlando Drilling Pty Ltd	Dynamic Drill and Blast Holdings Limited (nka:Dynamic Group Holdings Limited)	100%	33	9.9	3.3
01/06/2021	McKay Drilling PTY Limited	Major Drilling Group International Inc.	100%	78	17.0	4.6
01/11/2019	Norex Drilling Limited	Major Drilling Group International Inc.	100%	22	5.6	4.0
16/02/2022	Drilling business of Swick Mining Services Limited	DDH1 Limited	100%	115	30.4	3.8
					Mean	**3.9**
					Median	**3.9**
Mining, Civil, & Construction Services						
19/02/2021	Primero Group Limited	NRW Holdings Limited	100%	88	18.0	4.9
28/02/2020	Pit N Portal Mining Services Pty Ltd/Pit N Portal Equipment Hire Pty Ltd	Emeco Holdings Limited	100%	73	20.0	3.7
31/10/2018	Barminco Holdings Pty Limited	Ausdrill Limited (nka:Perenti Limited)	100%	705	137.1	5.1
05/11/2021	Pybar Mining Services Pty Ltd	Mastermyne Group Limited (nka:Metarock Group Limited)	100%	48	13.7	3.5
10/05/2019	LCR Group	Qube Holdings	100%	135	25.0	5.4
09/12/2019	BGC Contracting	NRW Holdings Limited	100%	310	100.0	3.1
					Mean	**4.3**
					Median	**4.3**

Source: Capital IQ and BDO analysis

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Target	Target Description	Transaction Description
Drilling Services		
Orlando Drilling Pty Ltd	Orlando Drilling provide Australian exploration and mining companies with reverse circulation, diamond and air-core drilling services. The company was incorporated in 2005 and is based in High Wycombe, Western Australia.	Dynamic Drill and Blast Holdings Limited entered into an agreement to acquire Orlando Drilling Pty Ltd from Joel Francis McKenna Skipworth, Temorex Pty Ltd, David Matthew Kinnersley and Temba Pitts Investments Pty Ltd for $30 million on 19 May 2021. Dynamic agreed to pay an upfront consideration of $21.4 million, payable in $4.5 million cash and issue of 37.5 million fully paid ordinary Dynamic shares. The acquisition was completed on 14 July 2021.
McKay Drilling PTY Limited	McKay Drilling PTY Limited operates as a drilling company focused in areas of reverse circulation, hydro, and diamond drilling. McKay Drilling PTY Limited was formerly known as Lamead Holdings Pty Limited and changed its name to McKay Drilling PTY Limited in December 2012. The company was incorporated in 1989 and is based in Wangara, Western Australia. As of 1 June 2021, McKay Drilling PTY Limited operates as a subsidiary of Major Drilling Group International Inc.	Major Drilling Group International Inc. completed the acquisition of Mckay Drilling Pty Ltd on 1 June 2021. The transaction was completed by payment of the cash portion of the purchase price of $39.7 million (representing approximately $37.1 million in Canadian dollars) subject to post-closing debt, working capital adjustments and holdbacks using Major Drilling's current cash balance and debt facilities as well as the issuance of 1,318,101 common shares of Major Drilling, valued on the closing of the transaction by the volume weighted average price of the shares on the TSX for the 10 trading days before the closing date. In addition, an earn-out of up to $25 million will be payable in cash over the next three years, based on the achievements of certain milestones.
Norex Drilling Limited	Norex Drilling Limited provides drilling services to the mineral exploration industry and to the underground mining sector, both domestically and internationally. The company was founded in 1980 and is based in Timmins, Canada. As of 1 November 2019, Norex Drilling Limited operates as a subsidiary of Major Drilling Group International Inc.	Major Drilling Group International Inc. completed the acquisition of all of the issued and outstanding shares of Norex Drilling Limited on 1 November 2019. The purchase price for the transaction was $18.7 million, consisting of $14.0 million in cash (net of cash acquired), $1.9 million in Major Drilling shares, a holdback of $1.0 million and an additional payout of $1.8 million (discounted) tied to performance.
Drilling business of Swick Mining Services Limited	Swick Mining Services Limited, together with its subsidiaries, provides mineral drilling services to the mining industry in Australia, North America, Europe, Africa, and the Asia Pacific regions. The company offers services primarily in the areas of underground diamond drilling and grouting services, and the selling of drilling equipment, rigs, and parts. It also provides research and development activities in mineral analysis technologies. The company was founded in 1997 and is headquartered in South Guildford, Western Australia.	DDH1 Limited reached a non-bonding agreement to acquire Drilling business of Swick Mining Services Limited for $97.7 million on 12 October 2021. Under a scheme of arrangement Swick shareholders received 0.2970 new DDH1 shares for each Swick share held on the record date of 9 February 2022. In addition, Swick shareholders received Orexplore shares. Upon completion of the Proposed Transaction, Swick shareholders owned approximately 19.7% of the combined business. On 7 February 2022, pursuant to the scheme of arrangement, Swick announced that DDH1, through its wholly owned subsidiary DDH1 FinCo Pty Ltd, acquired all of the shares in Swick.

Target	Target Description	Transaction Description
Mining, Civil, & Construction Services		
Primero Group Limited	Primero Group Limited provides design, engineering, construction, and operational services to the minerals, energy, and infrastructure sectors in Australia. Its services include full plant design and feasibility studies, project management and planning, turnkey in-house construction services in civil, structural, mechanical, piping, electrical, instrumentation, and control systems areas, commissioning, and operations and maintenance. The company was founded in 2011 and is headquartered in Osborne Park, Western Australia. As of 19 February 2021, Primero Group Limited operates as a subsidiary of NRW Holdings Limited.	NRW Holdings Limited entered into a bid implementation agreement to acquire Primero Group Limited from Perennial Value Management Limited, Mitsubishi UFJ Financial Group, Inc., Blackrock Group, The Vanguard Group, Inc. and others for $94.3 million on 24 November 2020, which was completed on 19 February 2021. Under the terms of transaction, Primero shareholders received $0.28 cash plus 0.106 NRW shares for each Primero share. NRW intends to compulsorily acquire any outstanding Primero shares (held interest of 98.6% of Primero's shares post-acquisition).
Pit N Portal Mining Services Pty Ltd/Pit N Portal Equipment Hire Pty Ltd	Pit N Portal Mining Services Pty Ltd provides hard-rock underground mining equipment and services to the Australian underground mining sector. Pit N Portal Mining Services Pty Ltd was founded in 2002 and is based in Maddington, Western Australia. As of 28 February 2020, Pit N Portal Mining Services Pty Ltd operates as a subsidiary of Emeco Holdings Limited.	Emeco Holdings Limited entered into a binding agreement to acquire Pit N Portal Mining Services Pty Ltd and Pit N Portal Equipment Hire Pty Ltd for $72 million on 29 January 2020. The acquisition was on a cash free, debt free basis. The consideration consisted of $62 million in cash and 10 million Emeco shares to the vendors (issued at the Entitlement Offer price). As part of the transaction, Emeco Holdings Limited issued 4.8 million shares to acquire Pit N Portal Mining Services Pty Ltd and Pit N Portal Equipment Hire Pty Ltd. As of 28 February 2020, Pit N Portal Mining Services Pty Ltd and Pit N Portal Equipment Hire Pty Ltd was acquired by Emeco Holdings Limited.
Barminco Holdings Pty Limited	Barminco Holdings Pty Limited provides mining services in Australia, Egypt, Tanzania, and West Africa. It offers underground contract development and production mining, underground diamond drilling, and surface crushing and screening services for the owners of mining projects. The company serves mining companies operating in the gold, copper, nickel, and zinc ores. It also provides support services, such as maintenance, supply chain management, and planning and advisory services. The company was formerly known as Barholdco Pty Limited and changed its name to Barminco Holdings Pty Limited in March 2013. Barminco Holdings Pty Limited was founded in 1989 and is headquartered in Hazelmere, Australia. As of 31 October 2018, Barminco Holdings Pty Limited operates as a subsidiary of Ausdrill Limited.	Ausdrill Limited entered into a binding agreement to acquire Barminco Holdings Pty Ltd from a group of shareholders for approximately $720 million on 15 August 2018. Ausdrill Limited acquired 100% of the ordinary shares, redeemable preference shares and shareholder loan notes of Barminco Holdings Pty Limited in exchange for 150.7 million fully paid ordinary ex-dividend shares and $25.4 million in cash. Ausdrill Limited completed the acquisition of Barminco Holdings Pty Ltd from a group of shareholders on 31 October 2018.

Target	Target Description	Transaction Description
Pybar Mining Services Pty Ltd	Pybar Mining Services Pty Ltd operates as a mining contractor company in Australia. Its area of services include mine development, mine production, cable bolting and, production drilling, raise boring, shotcreting, exploration drilling, rebuilds, and fleet services. Pybar Mining Services Pty Ltd was formerly known as PYBAR Pty Ltd and changed its name to Pybar Mining Services Pty Ltd in January 1995. The company was founded in 1993 and is based in Orange, Australia with additional locations in Sydney, West Perth, and Kalgoorlie, Western Australia.	Mastermyne Group Limited entered into an agreement to acquire Pybar Mining Services Pty Ltd from Paul Rouse, Brendan Rouse, Andrew Rouse for approximately $47 million on 7 September 2021. The consideration consists of cash of $23.5 million, with $11.75 million (50%) payable on completion of the transaction and the remaining $11.75 million (50%) due on the 1st anniversary of the transaction completion and scrip consideration of approximately 23.2 million Mastermyne Group shares at an implied value of $23.5 million issued at completion and subject to escrow for 12 months. The acquisition was completed on 5 November 2021.
LCR Group	LCR Group Pty Ltd operates as a haulage and transportation company. Its services include resource haulage, ancillary services, road maintenance, drill pad prep, wash plant, and surface work services. The company also offers mobile cranes for wet and dry hire, labour hire, lift planning and supervision, and ancillary material handling. The company was formerly known as LCR Lindores Group Pty Ltd and changed its name to LCR Group Pty Ltd in September 2010. The company was incorporated in 2001 and is based in Hendra, Australia. LCR Group Pty Ltd operates as a subsidiary of Qube Holdings Limited.	Qube Holdings Limited acquired LCR Group Pty Ltd from Archer Capital Pty Ltd. and others for approximately $140 million on 10 May 2019. The consideration was funded through Qube's existing undrawn debt facilities.
BGC Contracting	NRW Contracting Pty Ltd, formally BGC Contracting, provides construction, DIAB engineering, and mining services to resource, energy, and infrastructure sectors. The company was incorporated in 1973 and is based in Perth, Western Australia. As of 9 December 2019, NRW Contracting Pty Ltd operates as a subsidiary of NRW Holdings Limited.	On 28 November 2019, NRW Holdings Limited agreed to acquire BGC Contracting Pty Ltd. from BGC (Australia) PTY Ltd for approximately $120 million. The transaction was funded through funds raised from placement of $120 million. The BGC Contracting Pty Ltd entity was renamed to NRW Contracting Pty Ltd in accordance with the terms of the sale agreement. The acquisition was completed on 9 December 2019.

Source: Capital IQ and BDO analysis

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The Directors
DDH1 Limited
21 Baile Road
Canning Vale WA 6155

16 August 2023

Dear Directors,

INDEPENDENT LIMITED ASSURANCE REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Directors of DDH1 Limited (the "Company" or "DDH1") for inclusion in a Scheme Booklet to be issued by the Company in respect of the proposed acquisition of DDH1 by Perenti Limited ("Perenti" or the "Acquirer") (the "Transaction") by a scheme of arrangement of all of the shares in the Company ("Scheme of Arrangement")

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence (AFSL) under the *Corporations Act 2001 (Cth)* for the issue of this report.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Scheme Booklet.

Scope

Combined Group Unaudited Pro Forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company to perform a limited assurance engagement on the following pro forma historical financial information of DDH1 and Perenti to present the unaudited pro forma historical financial information of the Combined Group:

- The Unaudited Pro Forma Historical Combined Income Statements for the year ended 30 June 2022 and the half-year ended 31 December 2022;
- the Unaudited Pro Forma Historical Combined Statements of Cash Flows for the year ended 30 June 2022 and the half-year ended 31 December 2022; and
- the Unaudited Pro Forma Historical Combined Statement of Financial Position as at 31 December 2022

(together the Combined Group Unaudited Pro Forma Historical Financial Information) as set out in Section 6.7 of the Scheme Booklet.

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The Combined Group Unaudited Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information, after adjusting for the effects of pro forma adjustments described in Section 6.7 of the Scheme Booklet (Pro Forma Adjustments).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the transaction to which the Pro Forma Adjustments relate, as if the transaction had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Combined Group Unaudited Pro Forma Historical Financial Information does not represent the Combined Group's actual or prospective financial position, financial performance, or cash flows.

The Statutory Historical Financial Information, which forms the basis of the Combined Group Unaudited Pro Forma Historical Financial Information for each entity as outlined in section 6.7 of the Scheme Booklet has been extracted from the underlying audited or reviewed financial statements of each entity as follows:

- the financial report of the Company for the year ended 30 June 2022, which were audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on the financial report.

- the interim financial report of the Company, which was reviewed by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards applicable to review engagements. The review conclusion on the interim financial report was unmodified.

- the financial report of the Acquirer for the year ended 30 June 2022, which were audited by the Acquirer's external auditor in accordance with the Australian Auditing Standards. The Acquirer's external auditor issued an unmodified audit opinion on the financial report.

- the interim financial report of the Acquirer, which was reviewed by the Acquirer's external auditor in accordance with the Australian Auditing Standards applicable to review engagements. The review conclusion on the interim financial report was unmodified.

The Statutory Historical Financial Information is presented in the Scheme Booklet in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001 (Cth)*.

Directors' Responsibility

The Directors are responsible for the preparation and presentation of the Statutory Historical Financial Information and the Combined Group Unaudited Pro Forma Historical Financial Information, including the selection and determination of the Pro Forma Adjustments made to the Statutory Historical Financial Information and included in the Combined Group Unaudited Pro Forma Historical Financial Information.

This responsibility includes the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Statutory Historical Financial Information and the Combined Group Unaudited Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Combined Group Unaudited Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information (ASAE 3450).*

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

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

Conclusion

Combined Group Unaudited Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Combined Group Unaudited Pro Forma Historical Financial Information is not prepared, in all material respects, in accordance with the stated basis of preparation, as described in Section 6.7 of the Scheme Booklet.

Notice to shareholders outside Australia

Under the terms of our engagement this report has been prepared solely to comply with the requirements applicable to a review engagement under ASAE 3450.

This report does not constitute an offer to sell, or a solicitation to offer to buy, any securities. We do not hold any financial services licence outside Australia.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 6.7 of the Scheme Booklet, which describes the purpose of the Statutory Historical Financial Information and the Combined Group Unaudited Pro Forma Historical Financial Information, being for inclusion in the Scheme Booklet. As a result, the Statutory Historical Financial Information and the Combined Group Unaudited Pro Forma Historical Financial Information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Historical Financial Information and the Combined Group Unaudited Pro Forma Historical Financial Information to which it relates, for any purpose other than that for which it was prepared.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Scheme Booklet in the form and context in which it is included.

Liability

The liability of Deloitte Corporate Finance Pty Limited is limited to the inclusion of this report in the Scheme Booklet. Deloitte Corporate Finance Pty Limited makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Scheme Booklet.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Scheme of Arrangement other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

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General financial product advice

Deloitte Corporate Finance Pty Limited has prepared this report for general information purposes only. It does not take into account the objectives, financial situation or needs of any specific shareholder. Shareholders should consider their own objectives, financial situation and needs when assessing the suitability of the report to their situation or shareholders may wish to obtain personal financial product advice to assist them in this assessment.

Financial Services Guide

We have included our Financial Services Guide in this report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

A T Richards
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)
AR number 1264272

Deloitte.

November 2021

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (**DCF**) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (**AR**) and DCF authorises the AR to distribute this FSG. Their AR number and contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice to wholesale clients in relation to derivatives, government debentures, stocks or bonds, interests in managed investment schemes, securities, and regulated emissions units (i.e. Australian carbon credit units and eligible international emissions units). We can also provide general financial product advice to retail clients in relation to the above financial products except for regulated emissions units.

We are also authorised to arrange for another person to deal in financial products in relation to:

- securities, interests in managed investment schemes, government debentures, stocks or bonds, and regulated emissions units and related derivatives to wholesale clients; and
- derivatives to retail and wholesale clients.

General financial product advice

We provide general advice when we have **not** taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
complaints@deloitte.com.au
Phone: +61 8 9365 7234

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (**AFCA**). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

ANNEXURE D: NOTICE OF SCHEME MEETING

DDH1 LIMITED
ACN 636 677 088

NOTICE OF COURT ORDERED SCHEME MEETING OF DDH1 SHAREHOLDERS

Notice is hereby given, by an order of the Federal Court of Australia made on 16 August 2023 pursuant to section 411(1) of the Corporations Act, that a meeting of holders of ordinary shares in DDH1 Limited (**DDH1**) (**DDH1 Shareholders**) will be held at 1.00pm (AWST) on 18 September 2023 at the Parmelia Hilton Perth and electronically through an online platform at https://meetnow.global/MXAKMFZ (**Scheme Meeting**).

The Court has also directed that Ms Diane Smith-Gander, or, failing her, Mr Alan Broome, act as the chairperson of the Scheme Meeting.

The purpose of the Scheme Meeting is to consider and, if thought fit, to approve a scheme of arrangement (with or without any modifications or conditions approved by the Court which are acceptable to DDH1 and Perenti) proposed to be made between DDH1 and DDH1 Shareholders (other than Perenti and its Related Bodies Corporate if it holds any DDH1 Shares) (**Scheme**).

To enable you to make an informed voting decision, further information on the Scheme is contained in the Scheme Booklet which this notice forms part of. Unless otherwise defined, capitalised terms used in this notice have the same meaning as set out in the glossary in Section 12 of the Scheme Booklet.

BUSINESS OF THE MEETING

Resolution — Approval of the Scheme

To consider and, if thought fit, to approve the following resolution (Scheme Resolution):

"That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act, the members approve the arrangement between DDH1 Limited and the Scheme Shareholders, designated the "Scheme", as contained in and more particularly described in the Scheme Booklet accompanying the Notice of Scheme Meeting with or without any modifications or conditions approved at this meeting or approved by the Federal Court of Australia after this meeting, and which are acceptable to DDH1 Limited and Perenti Limited, and, subject to approval of the Scheme by the Court, the DDH1 Board is authorised to implement the Scheme with any such modifications or conditions."

BY ORDER OF THE COURT

Sy Van Dyk
Managing Director and CEO
DDH1 Limited

Dated 16 August 2023

EXPLANATORY NOTES

General

The Notice of Scheme Meeting relates to the Scheme and should be read in conjunction with the balance of the Scheme Booklet. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution, including the information prescribed by the Corporations Act and the Corporations Regulations.

A copy of the Scheme is set out in Annexure A of the Scheme Booklet.

Participating in the Scheme Meeting

DDH1 Shareholders and their proxies, attorneys or corporate representatives will be able attend the Scheme Meeting in person or participate in the Scheme Meeting online from their computer or mobile device by entering the URL in their browser: https://meetnow.global/MXAKMFZ.

Participating in the Scheme Meeting via the online platform will allow eligible DDH1 Shareholders, their proxies, attorneys or corporate representatives to listen to the Scheme Meeting live, view slides and ask questions and vote in real time at appropriate times during the Scheme Meeting.

To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready. Proxyholders will need to contact Computershare prior to the Scheme Meeting to obtain their login details.

To participate in the Scheme Meeting online follow the instructions below.

1. Click on 'Join Meeting Now'.
2. Enter your SRN/HIN.
3. Enter your postcode registered to your holding if you are an Australian securityholder. If you are an overseas securityholder, select the country of your registered holding from the drop down list.
4. Accept the Terms and Conditions and 'Click Continue'.

Attorneys and corporate representatives of DDH1 Shareholders will need the SRN/HIN and registered postcode or country code of the DDH1 Shareholder they are representing.

Proxies will need to contact Computershare on +61 3 9415 4024 during the online registration period, which will open 1 hour prior to the Scheme Meeting.

Further information regarding participating in the Scheme Meeting electronically, including browser requirements, is detailed in the Online Meeting Guide available at http://www.computershare.com.au/virtualmeetingguide.

Registration for the online Scheme Meeting will open 1 hour prior to the start of Scheme Meeting. We recommend logging on to the online platform at least 15 minutes prior to the scheduled start time for the Scheme Meeting. If you require technical assistance, please call +61 3 9415 4024.

How to ask questions?

DDH1 Shareholders who would like to ask questions at the Scheme Meeting are encouraged to do so in writing before the Scheme Meeting by emailing their question to investor.relations@ddh1.com.au prior to 1.00pm (AWST) on 16 September 2023.

Alternatively, DDH1 Shareholders can submit questions when attending the Scheme Meeting online via the online platform.

Requisite Majorities

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution must be approved by:

- unless the Court orders otherwise, a majority in number (more than 50%) of DDH1 Shareholders present and voting at the Scheme Meeting (either in person, by proxy or attorney or in the case of corporate DDH1 Shareholders, by a duly appointed corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution by DDH1 Shareholders at the Scheme Meeting.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) must be approved by an order of the Court. If the resolution put to this meeting is approved by the Requisite Majorities and the other Conditions are satisfied or waived (as applicable), DDH1 intends to apply to the Court for approval of the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

VOTING

The DDH1 Directors and the Independent Board Committee believe that the Scheme is in the best interests of DDH1 Shareholders and recommend that DDH1 Shareholders vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.[18]

Each DDH1 Director intends to cause any DDH1 Shares in which he or she has a Relevant Interest to be voted in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DDH1 Shareholders.

Voting entitlement

The Court has determined that DDH1 Shareholders who are registered in the DDH1 Share Register as at 1.00pm (AWST) on 16 September 2023 may vote at the Scheme Meeting (either in person or electronically), by attorney, by proxy or, in the case of a body corporate, by corporate representative.

Joint holders

In the case of DDH1 Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one DDH1 Shareholder votes in respect of jointly held DDH1 Shares, the vote of the DDH1 Shareholder whose name appears first on the DDH1 Share Register counts.

How to vote

DDH1 Shareholders entitled to vote at the Scheme Meeting can vote by:

- attending the Scheme Meeting in person; or
- attending the Scheme Meeting electronically; or
- by appointing an attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend in person and vote on their behalf; or
- appointing a proxy to attend the Scheme Meeting in person and vote on their behalf; or
- by appointing an attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend electronically and vote on their behalf; or
- appointing a proxy to attend the Scheme Meeting electronically and vote on their behalf.

Voting will be conducted by poll.

Voting by attorney

DDH1 Shareholders wishing to vote by attorney at the Scheme Meeting must, if they have not already presented an appropriate power of attorney to DDH1, deliver to the Share Registry (at the address or fax number provided below) the original instrument appointing the attorney or a certified copy of it with their Proxy Form by no later than 1.00pm (AWST) on 16 September 2023.

Voting by a corporation

A DDH1 Shareholder or proxy that is a corporation may appoint an individual to act as its representative and vote in person at the meeting.

If a representative of a DDH1 Shareholder or proxy, which is a body corporate is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative" to the Share Registry or DDH1. A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Unless otherwise specified in the appointment, a representative acting in accordance with his or her authority, until it is revoked by the body corporate DDH1 Shareholder, is entitled to exercise the same powers on behalf of that body corporate as that body corporate could exercise at a meeting or in voting on a resolution.

A corporation may appoint an individual as a representative to exercise its powers as a DDH1 Shareholder or as a DDH1 Shareholder's proxy.

DDH1 Shareholders who wish to appoint a corporate representative for the Scheme Meeting should, if they have not already presented an appropriate appointment, deliver to the Share Registry or DDH1 an original or certified copy of the appointment by no later than 1.00pm (AWST) on 16 September 2023. An original or certified copy of the appointment can also be provided at the Scheme Meeting.

18 You should note when considering this recommendation that Mr Sy Van Dyk, Managing Director and CEO of DDH1, will be receiving a benefit if the Scheme proceeds (see Section 11.5). As at the Last Practicable Date, Mr Van Dyk holds 758,202 DDH1 Performance Rights that will, in accordance with the Scheme, vest on or before the Record Date, resulting in the issue of 758,202 DDH1 Shares to Mr Van Dyk (see Sections 1.12, 4.5 and 11.1 for further information). As at the Last Practicable Date, Mr Van Dyk also holds 4,625,000 DDH1 Loan Shares with an outstanding loan balance of $1,684,954 (see Sections 4.6 and 11.1 for further information). In respect of these DDH1 Loan Shares, if the Scheme is implemented, rather than the Scheme triggering repayment of the loan within 3 business days of implementation, it is proposed that Perenti will enter into a DDH1 Loan Share Deed with Mr Van Dyk on substantially the same terms as the existing loan agreement terms, (see Section 4.6 for further information). In addition, if the Scheme is implemented, it is proposed that Mr Van Dyk and a Perenti Group member enter into an executive services agreement for total remuneration consistent with his existing arrangements with the DDH1 Group (see Section 11.5 for further information). Despite this interest in the outcome of the Scheme, Mr Van Dyk considers that, given the importance of the Scheme, and his role as CEO of DDH1, it is important and appropriate for him to provide a recommendation to DDH1 Shareholders in relation to voting on the Scheme. Additionally, the DDH1 Board (excluding Mr Van Dyk) also considers that it is appropriate for Mr Van Dyk to make a recommendation on the Scheme given his role in the management and operations of DDH1. You should further note when considering this recommendation that, if the Scheme is implemented, Ms Diane Smith-Gander, Chairperson and Independent Non-Executive Director of DDH1, and Ms Andrea Sutton, Independent Non-Executive Director of DDH1, will be appointed as Non-Executive Directors of Perenti on terms consistent with Perenti's existing remuneration policy (see Sections 6.3(d) and 11.5). You should also note when considering this recommendation that Mr Murray Pollock, Non-Executive Director of DDH1, has a Relevant Interest in the DDH1 Shares held by substantial shareholder, Western Alloys Pty Ltd as trustee for the Westall Investment Trust (see Sections 4.5 and 11.5 for further information).

Voting by proxy

A DDH1 Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on the resolution to be put to the Scheme Meeting and also to speak at the Scheme Meeting. The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed, and if the appointment does not specify the proportion or number of the DDH1 Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be an DDH1 Shareholder.

If a proxy is not directed how to vote any item of business, the proxy may vote or abstain from voting, as that person thinks fit. If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on the poll, and the DDH1 Shares the subject of the proxy appointment will not be counted in computing the required majority.

DDH1 Shareholders who appoint a proxy but do not nominate the identity of their proxy will be taken to have appointed the chairperson of the Scheme Meeting as their proxy to vote on their behalf. If a proxy is lodged and the proxy specifies the way the proxy is to vote on the Scheme Resolution but the nominated proxy is either not recorded as attending the Scheme Meeting or does not vote on the Scheme Resolution, the chairperson of the Scheme Meeting will act in place of the nominated proxy and vote in accordance with the directions.

If you appoint a proxy, you may still attend the Scheme Meeting in person. Please note that if you appoint a proxy and attend the Scheme Meeting, your proxy will still be able to participate in the Scheme Meeting and your proxy's authority to vote will not be suspended while you are present. However, you may still vote on the Scheme Resolution. If you do so and your proxy also votes, your vote will be counted and your proxy's will not.

HOW TO APPOINT A PROXY

Online

DDH1 Shareholders who have elected to receive notices of meeting electronically will receive an email with a personalised link to the Computershare site at www.investorvote.com.au (Control Number: 182792) which can be used to appoint a proxy online by following instructions on that website.

You will be taken to have signed a Proxy Form and appointed a proxy if you submit your proxy online in accordance with the instructions on the website. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

The online proxy appointment must be received by the Share Registry, Computershare Investor Services Pty Limited, by no later than 1.00pm (AWST) on 16 September 2023 to be effective. A proxy cannot be appointed using the online system if they are appointed under a power of attorney or similar authority.

Hard copy

DDH1 Shareholders who have not elected to receive notices of meeting electronically will receive a letter which includes a hard copy of the Proxy Form.

The signed Proxy Form (and an original or certified copy of any power of attorney under which it has been signed unless already provided) must be received by the Share Registry, Computershare Investor Services Pty Limited, by no later than 1.00pm (AWST) on 16 September 2023 to be effective. Proxies given by corporations must be executed in accordance with the Corporations Act.

DDH1 Shareholders who receive a hard copy of the Proxy Form may appoint a proxy by returning the Proxy Form to the Share Registry, Computershare Investor Services Pty Limited, by either posting it in the reply-paid envelope provided (only for use in Australia) or by sending, delivering, faxing or lodging it online as follows:

Mail to: Computershare Investor Services Pty Limited
GPO Box 1282
Melbourne
Victoria 3001
AUSTRALIA

Online: Lodge online at www.investorvote.com.au
(Control Number: 182792).

You will be taken to have signed the Proxy Form if you lodge your proxy in accordance with the instructions on the website. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

Fax to: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside of Australia)

Mobile Device: Use your mobile device to scan the personalised QR code included on the Proxy Form and follow the prompts.

Custodians: For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com.

A Proxy Form must be signed by the DDH1 Shareholder or the DDH1 Shareholder's attorney. Proxies given by a corporation must be executed in accordance with the corporation's constitution and the Corporations Act.

If:

- a DDH1 Shareholder nominates the chairperson of the Scheme Meeting as the DDH1 Shareholder's proxy; or
- a proxy appointment is signed by a DDH1 Shareholder but does not name the proxy or proxies in whose favour it is given or otherwise under a default appointment according to the terms of the Proxy Form,

the chairperson of the Scheme Meeting will act as proxy under the appointment.

Proxy appointments in favour of the chairperson of the Scheme Meeting which do not contain a direction will be voted in favour of the Scheme Resolution at the Scheme Meeting.

A DDH1 Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half the votes (disregarding fractions). The DDH1 Shares represented by proxy will be voted for or against or withheld from voting in accordance with the instructions of the DDH1 Shareholder on any ballot that may be called for, and if the DDH1 Shareholder specifies a choice with respect to any matter to be acted upon, the DDH1 Shares will be voted accordingly.

A DDH1 Shareholder who has lodged a Proxy Form may revoke it prior to its use by giving written notice to the Share Registry at least 48 hours before the commencement of the Scheme Meeting. A DDH1 Shareholder may also revoke a proxy in any other manner permitted by law.

Further information for DDH1 Shareholders

If you have any questions please contact the DDH1 Shareholder Information Line on 1300 158 729 (for callers within Australia) or +61 2 9066 4058 (for callers outside of Australia) between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays).

DIRECTORY

DDH1 Limited
21 Baile Road
Canning Vale WA 6155
AUSTRALIA

Phone: (08) 9435 1700
Email: investor.relations@ddh1.com.au
Website: https://www.ddh1.com.au
ASX Code: DDH

Company Secretary
Darryl Edwards

Legal Adviser to DDH1
Clayton Utz
Level 27, QV.1 Building
250 St Georges Terrace
Perth WA 6000
AUSTRALIA

Share Registry
Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth WA 6000
AUSTRALIA

Phone: 1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)
Email: web.queries@computershare.com.au
Website: www.computershare.com/au

DDH1 Shareholder Information Line
1300 158 729 (for callers within Australia)
+61 2 9066 4058 (for callers outside of Australia)

The DDH1 Shareholder Information Line is open between 8.30am and 6.00pm (AEST) Monday to Friday (excluding public holidays).

DDH1 Directors
Diane Smith-Gander — Chairperson and Independent Non-Executive Director
Byron Beath — Non-Executive Director
Alan Broome — Independent Non-Executive Director
Murray Pollock — Non-Executive Director
Andrea Sutton — Independent Non-Executive Director
Sy Van Dyk — Managing Director and CEO

Financial Adviser to DDH1
MA Moelis Australia
Level 27, Brookfield Place
10 Carrington Street
Sydney NSW 2000
AUSTRALIA

Investigating Accountant
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Perth WA 6000
AUSTRALIA

Independent Expert
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AUSTRALIA

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