DDH 1 LIMITED

ANNUAL REPORT 2023

A SPECIALIST GLOBAL DRILLING COMPANY

DDH1 LIMITED

OUR INVESTMENT PROPOSITION

Well established proven business

Quality service provider across the mining value chain

Positioned to leverage long-term and broad demand for metals

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

Diversified sustainable revenue profile

Track record of strong financial performance

Sustainable dividend policy

Clear growth strategy with the ability to pursue opportunities

Experienced and disciplined leadership team

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

ABOUT THIS REPORT

This Annual Report provides a summary of DDH1 Limited's (DDH1) operations and performance for the 2023 financial year (FY23).

Unless otherwise stated, references to 'DDH1', the 'Group', the 'Company', 'we', 'us' and 'our' refer to DDH1 and its controlled entities. The 100% owned entities in the DDH1 Group are listed on page 152 of this Report.

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

FURTHER INFORMATION

We welcome your questions and feedback. Please contact:

Sy Van Dyk
Managing Director and Chief Executive Officer

Simon Franich
Chief Financial Officer

investor.relations@ddh1.com.au

FORWARD LOOKING STATEMENTS

This report may contain forward looking statements. Further information can be found on page 174 of this report.

THE VALUE OF EXPERIENCE

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

CONTENTS

FY23 OPERATIONAL HIGHLIGHTS

IMPROVED ROLLING
12-MONTH TRIFR ^

8.64

0.1% IMPROVEMENT ON FY22

RIG
UTILISATION

74.4%

DOWN 3.0% ON FY22

RECORD NUMBER
OF SHIFTS

94,207

UP 3.3% ON FY22

INCREASED
MODERN FLEET

193

UP 10 RIGS ON FY22

METRES
DRILLED

3.4M

DOWN 2.3% ON FY22

QUALITY
EMPLOYEES

1,758

DOWN 1% ON FY22

STRONG FOCUS
ON EMPLOYEE

WELLBEING

CHOOSE RESPECT PROGRAM LAUNCH

STRONG FOCUS ON
SAFETY THROUGH

INNOVATION

NOTE: FY22 results are on a proforma basis, as they include Swick Mining Services' Drilling Division (Swick Results) for all the current and comparative reporting periods.

^Total Recordable Injury Frequency Rate (based on one million work hours).

FY23 FINANCIAL HIGHLIGHTS

RECORD REVENUE

$550.4M

UP 8.6% ON FY22
5-YEAR CAGR 11.9%

OPERATING EBITDA

$119.4M

UP 7.1% ON FY22
5-YEAR CAGR 9.1%
EBITDA MARGIN 21.7%

OPERATING EBITA

$69.4M

DOWN 6.2% ON FY22

NET DEBT

$7.0M

$16.6M NET DEBT AT 30 JUNE 22

STRONG ROIC

21.9%

ABOVE INDUSTRY AVERAGE

FINAL FULLY FRANKED DIVIDEND

1.96 CPS

40% OF UNDERLYING NPATA

ANNUALISED REVENUE PER RIG

$2.9M

UP 1.2% ON FY22

REVENUE PER SHIFT

$5.8K

UP 4.5% ON FY22

NOTE: FY22 results are on a proforma basis, as they include Swick Mining Services' Drilling Division (Swick Results) for all the current and comparative reporting periods.

INDUSTRY OVERVIEW

STRONG LONG-TERM FUNDAMENTALS

Sustained production cycles require increased exploration expenditure

Commodity prices remained supportive of ongoing exploration

Large and intermediate resource companies remained well funded

New discoveries are becoming deeper and more complex resulting in larger drilling programs and demand for the specialised services DDH1 provides

The focus on decarbonisation and net zero targets intensified, increasing demand for battery metals

Global non-ferrous exploration budgets remained well below the absolute levels of the peak in 2012

KEY CHALLENGES

Inflationary pressures, notably on wages and travel costs as well as repairs and maintenance

Softer capital market support impacting junior exploration companies ability to raise cash for general exploration activity, resulting in reduced drilling demand

Significant weather events including cyclones on the West Coast and flooding on the East Coast of Australia


OVER
SIZE
strike
DRILLING

CHAIRPERSON'S LETTER

Dear Fellow Shareholder,

On behalf of the DDH1 Board of Directors, I am pleased to present the Company's FY23 Annual Report

During FY23, DDH1 achieved solid results and many operational advancements. This is particularly pleasing in a year that delivered many challenging conditions. DDH1 continued to pursue its growth strategy and maintained the high quality service delivery the Company is renowned for.

Concurrently, the management team worked with ASX listed Perenti Limited on the now announced proposed merger, which is expected to mark the next phase of transformation for DDH1.

These achievements reflect an enormous amount of hard and smart work from both management and frontline teams.

SAFETY AND WELLBEING

Protecting the safety and total wellbeing of our people remains a principal priority. During FY23, we maintained strong safety performance with a total recordable injury frequency rate (TRIFR) of 8.64, an improvement of 0.1% on the prior year. Enhancing safety culture and performance will always be a focus for DDH1.

In addition to physical safety, each of DDH1's brands placed heightened attention on respectful behaviours in the workplace. These initiatives were very well supported by employees, resulting in excellent engagement and valuable feedback.

This feedback is being used as an ongoing impetus to identify opportunities for improvement and to ensure everyone at DDH1 feels welcome, safe and secure while at work.

Further information regarding our safety commitment and wellbeing initiatives can be found on pages 50-53 of this Report.

FINANCIAL PERFORMANCE

During FY23, DDH1 delivered record revenue of $550.4 million, an 8.6% increase on the prior year. A high percentage of revenue continued to be sourced from production and resource definition projects. These projects are typically longer-term and less impacted by cyclicality or uncertainty within the industry. Similarly, almost half of DDH1's revenue was generated from an ASX 200 customer base. This highlights the strength of the core business and achieving a diversified revenue profile.

Operating EBITDA was $119.4 million, up 7.1% on FY22. While operating EBITDA margins were impacted by the inflationary operating environment, they remain robust and again demonstrate the strength of DDH1's business model and operational discipline.

"DDH1 continued to pursue its growth strategy and maintained the high quality service delivery the Company is renowned for."

DIVIDENDS AND SHARE BUY-BACK PROGRAM

As a Board we were pleased with our share buyback program, which delivered $21.7 million to shareholders throughout the year. The program was an important way of providing greater returns to shareholders while the stock remained undervalued.

The business continued to be highly cash generative and supported solid dividends. We maintained our commitment to paying 30% to 50% of NPATA as dividends. In line with this policy, we paid an interim fully franked dividend of 3.33 cents per share and declared a fully franked final dividend of 1.96 cents per share. This brings the full year dividend to 5.29 cents per share for FY23. Dividend record and payment dates are 15 September 2023 and 28 September 2023, respectively.

PROPOSED MERGER OF DDH1 AND PERENTI LIMITED (PERENTI)

As announced to the market on 26 June 2023, we entered into a 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).

The proposed 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 globally.

Our leading DDH1 brands will retain their identities within Perenti's Drilling Services Division, alongside Perenti's existing Ausdrill business. This newly formed Division will be led by DDH1 Managing Director and CEO Sy Van Dyk.

Should the merger proceed, DDH1 shareholders will gain exposure to:

- Barminco, one of the world's largest and most successful hard-rock underground mining contractors;
- An expanded international presence through African Underground Mining Services and AMS;
- idoba, a unique end-to-end technology platform; and
- A market-leading mining services division providing specialised value-add services to clients across the globe.

The combined group will be in a stronger position to leverage decarbonisation objectives and the substantial requirement for critical minerals. Similarly, the group will be well placed to benefit from growing demand for specialised mining services as grades decline and deposits increase in depth and geological complexity.

Together, the combined group will have 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 through increased investor relevance, market focus, liquidity, broadening of the investor base and diversification by geography, customer, commodity and service offering.

Furthermore, the proposed merger is expected to be highly synergistic and accretive, resulting in substantial value creation. DDH1 Shareholders will have the opportunity to benefit via a meaningful ongoing ownership of approximately 29% in the combined group.

As expected, implementation of the Scheme is subject to normal conditions, including DDH1 Shareholder approvals. Given the presence of directors with substantial shareholdings, an independent DDH1 Board was established to consider the proposed merger and has unanimously recommended shareholders vote in favour. Your Board also received voting intentions supporting the Scheme from entities associated with Oaktree, together with founders Matt Izett, Richard Bennett and Kent Swick.

Further information regarding the Scheme can be found at the following links:

26 June 2023 - DDH1 and Perenti Scheme Implementation agreement

https://wcsecure.weblink.com.au/pdf/DDH/02679266.pdf

STRATEGY DELIVERY AND FOCUS AREAS OF FY24

Notwithstanding the challenging operating conditions, DDH1 continued to progress a growth strategy during the year. Concurrently, operations were strengthened to take advantage of the strong long-term growth drivers within the industry.

The performance of Swick was a real highlight and validates the strategy of investing in this business and expanding internationally.

As your Company works through the process of the proposed Perenti merger, the Board's focus remains:

- Ensuring the safety and well-being of our people, including building on the respectful behaviours initiatives;
- The Company's operational excellence and best-in-class fleet; and
- Supporting management to drive the Company's growth agenda.

Should shareholders support the merger and it moves to successful completion, it is expected Andrea Sutton and I will join an expanded Perenti Board and work to realise available synergies for shareholders. Andrea and I also look forward to leveraging Perenti's well-established sustainability goals.

MY THANKS TO A TALENTED TEAM

At the end of another rewarding year I extend my sincere thanks to all members of our Board who have approached the twin challenge of difficult operating conditions and merger discussions with diligence and robust strategic debate.

Sy and his management team have continued to do an excellent job. It is fabulous to see the number of employees who have progressed their careers with DDH1 and now have significant tenure. To provide some context, our celebrations for employees with 10-year milestones are crowded affairs. Again, this is a testament to leadership at each of our businesses, the general management teams and to all employees who live and breathe our strong brands and are highly committed to the DDH1 group.

It was particularly pleasing for directors to be able to return to site this year to experience firsthand DDH1 in action. I have three personal highlights. Firstly, the focus on safety and role of innovation and new technologies to protect all DDH1 people. Secondly, the improved living and working conditions resulting from DDH1's respectful behaviours initiatives. And finally, the excellent level of camaraderie.

Thank you for your ongoing support as a shareholder. I feel privileged to represent your interest and I look forward to supporting DDH1's next phase of transformation and growth.

Yours sincerely,

Diane Smith-Gander AO

CHAIRPERSON AND INDEPENDENT NON-EXECUTIVE DIRECTOR

FINANCIALLY & OPERATIONALLY, WE DELIVERED A SOLID PERFORMANCE

MANAGING DIRECTOR AND CEO'S REPORT

Dear Shareholders,

I am pleased to provide a report on our DDH1 Group for the 2023 financial year (FY23).

I am pleased to provide a report on our DDH1 Group for the 2023 financial year (FY23).

Financially and operationally, it was a solid performance against a backdrop of inflation, significant weather events, a heightened focus on regulatory approvals and a softer exploration market, particularly during the second half.

Notwithstanding this challenging operating environment, we continued to strengthen the quality of our fleet, invest in our people and position our business to benefit from long-term demand drivers.

A true highlight was the performance of Swick, which recorded its first full financial year as part of the DDH1 Group. Swick continued to flourish and demonstrated significant improvements in operational and safety performance.

My sincere thanks to all our teams. Your contributions individually and collectively were exceptional, particularly in a relatively tight labour market.

OUR ONGOING COMMITMENT TO SAFETY AND WELLBEING

We maintained our strong safety performance. Our total recordable injury frequency rate (TRIFR) was 8.64, which improved by 0.1% on FY22.

Importantly our businesses continued to drive initiatives to support safety engagement and greater inclusion in the workplace. A good example is Ranger's sample waste chute initiative, nominated for a Department of Mines, Industry Regulation and Safety (DMIRS) Award and Swick Mining Services' 'Switch on at Swick' program. We will continue to build on our progress achieved during FY23.

Another highlight was the success of our Choose Respect and Speak Up programs. These programs aim to support employees to raise any concerns regarding disrespectful behaviours, discrimination, bullying or harassment in the workplace. The programs have been implemented at all DDH1 Drilling office and rig sites and have the full support of our Board and Management teams. We believe everyone has the right to feel safe and respected while at work.

OUR QUALITY OPERATIONS AND SERVICE DELIVERY

Demand for our Company's full suite of services was steady across our four brands – DDH1 Drilling, Ranger Drilling (Ranger), Strike Drilling (Strike) and Swick.

During FY23, DDH1 Drilling and Strike rig utilisation was impacted by heightened conservatism within the exploration market, most notably during the second half. Key drivers included capital market sentiments, inflation, protracted regulatory approvals and increasing compliance costs. As a result, some resource companies postponed projects while they reassessed where to drill to optimise productivity and how to mitigate the high-cost operating environment.

Ranger's rig utilisation remained consistent with the prior year, despite some significant weather events during 1H23.

Demand for Swick's underground services was strong, with a significant increase on FY22. Additional rigs were deployed in the field, a trend that is expected to continue.

As a group, DDH1 added 10 rigs, which increased the fleet size to 193 at the end of FY23. A further 10 rigs are currently on order or under build. Rig utilisation of 74.4% was down on FY22 by 3.0% (FY22 77.4%).

OUR STRONG FINANCIAL PERFORMANCE

During FY23 we generated $550.4 million, which was an 8.6% uplift on the prior year (FY22: $506.9 million). Our operating EBITDA of $119.4 million was up 7.1% (FY22: $111.4 million).

Pleasingly, inflationary pressures moderated throughout the year. We continue to manage any elevated input costs while maintaining the quality of our fleet and skilled team.

We have strong cash generation and maintain a healthy balance sheet. As 30 June 2023, net debt (excluding right to use liabilities) was $7.0 million and we had $62.5 million available in unused debt facilities. Our leverage is extremely low at 0.06 times operating EBITDA. Notably, our return on invested capital was particularly strong at 21.9%.

STRATEGY

During FY23 we remained focused on our growth strategy including leveraging Swick's presence in North America and Western Europe. We successfully grew our fleet and revenue per rig year-on-year and maintained our position as the largest operator in Australia.

PROPOSED PERENTI TRANSACTION

FY24 will be another transformative year for DDH1 and our stakeholders. As we announced to the market on 26 June 2023, we entered into a binding Scheme Implementation Agreement, whereby DDH1 will combine with Perenti to create the ASX's leading contract mining services group.

The strategic fit between DDH1 and Perenti is exceptional. Our combined expertise and service offering will provide additional value to clients and stronger growth opportunities for our businesses. Clients and employees will also benefit from our shared commitment to safety, service excellence, innovation and sustainability.

Under the terms of the Proposed Transaction, our shareholders will receive $0.1238 cents per share, plus 0.7111 Perenti shares. DDH1 shareholders will also be offered the ability to elect maximum scrip or maximum cash consideration alternatives[1]. DDH1 shareholders will own ~29% of the combined entity, which is expected to realise material synergies of $22 million post-tax driving double digit EPS accretion.

Completion of the Proposed Transaction is anticipated to occur by October 2023. I am looking forward with great enthusiasm to leading our strong brands under the new Drilling Services Division.

OUR FOCUS AREAS AND OUTLOOK

During the year ahead we will remain focused on:

- The well-being and development of our global team;
- Maximising rig utilisation and pursuing disciplined organic growth via fleet expansion;
- Building long-term and exclusive contracts across the mining value chain, with most revenue derived from production and resource definition drilling programs;
- Leveraging Swick's underground drilling expertise in North America and expanding our footprint in Europe:
- Ongoing investment in innovation to deliver best-in-class drilling technologies and commercialisation of Swick's e-rig.

Following completion, we will work with Perenti to leverage the attractive revenue and cost synergies, while maintaining the strength of our quality brands.

The outlook for FY24 is positive with mining equity raisings at levels to support an active pipeline of activity. At 31 July 2023, our rig utilisation was 3.0% up on the prior month.

The fundamentals driving demand long-term and increasing demand for our services remain compelling.

Key drivers include:

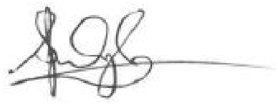
- A strong need for exploration to maintain diminishing mining reserves;
- Demand for battery metals, which require commodities that DDH1 drill for and are found in abundance in Australia; and
- Deeper drilling resulting in larger drilling programs and an increasing demand for specialist drilling.

OUR THANKS

On behalf of our senior management team, I would like to thank our valued shareholders for your ongoing support. I would also like to thank our Board for your guidance and willingness to be involved at a corporate governance, strategic and operational level.

Finally, I express my sincere gratitude to every member of our global team. It has been a more challenging year, however, you continued to remain focused on our strategy and deliver optimal service to our customers. As always, I am looking forward to our next phase of growth during FY24.

Yours sincerely,



Sy Van Dyk

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

[1] Subject to scale back arrangements based on a total available cash pool of $50 million.
The consideration is subject to adjustment for any DDH1 or Perenti final FY23 declared dividend.

OUR DIVERSE BOARD

Our Board has extensive experience and diverse expertise including corporate governance, finance, capital markets, the drilling industry, the metals, mining and energy sector and mining equipment. Each member has a keen interest in our operations and plays a key role in strategic planning. Further information regarding the Directors' professional expertise, business experience and value they bring to DDH1 can be found on pages 70-75 of this report.

Following completion of the proposed Perenti transaction, Chair Diane Smith-Gander and Non-Executive Director Andrea Sutton intend to join the Perenti Board.

Diane Smith-Gander AO

CHAIRPERSON AND INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

Committee membership
Diane is a member of the People Committee.

Murray Pollock

NON-EXECUTIVE DIRECTOR

MACID

Co-founder of DDH1 in 2006.

Expertise
Minerals drilling sector.

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

Byron Beath

NON-EXECUTIVE DIRECTOR

B.COM

Expertise
Finance, capital markets and the resources sector.

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

Alan Broome AM

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

Expertise
Resources and energy sectors, mining equipment and technology.

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

Andrea Sutton

INDEPENDENT NON-EXECUTIVE DIRECTOR

B.ENG CHEMICAL (HONS), GRADDIPECON, GAICD

Expertise
Resources sector.

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

Sy Van Dyk

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

B.COM (HONS), CA

Joined DDH1 as CEO in 2018.

Appointed Managing Director in 2021.

Expertise
Resources sector and mining equipment.

HIGHLY EXPERIENCED MANAGEMENT TEAM

OUR SENIOR MANAGEMENT TEAM

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

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

Sy Van Dyk

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

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

Simon Franich

CHIEF FINANCIAL OFFICER

Simon commenced as CFO on 24 April 2023. Simon is a highly experienced chartered accountant with over 15 years of professional services and industry experience. Prior to Simon's appointment, he was CFO of Norcliffe Mining Services. Simon previously served as DDH1's Group Financial Controller from August 2019 to January 2022. He has also held senior roles in the audit division with professional service firms Deloitte and Grant Thornton.

OUR SENIOR MANAGEMENT TEAM

> "I express my sincere gratitude to every member of our global team. It has been a more challenging year, however, you continued to remain focused on our strategy and deliver optimal service to our customers."
>
> SY VAN DYK,
> MANAGING DIRECTOR AND CEO

Richard Bennett

MANAGING DIRECTOR
STRIKE DRILLING

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

Matt Izett

MANAGING DIRECTOR
RANGER DRILLING

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

Kent Swick

MANAGING DIRECTOR
SWICK MINING SERVICES

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

Peter Crennan

GENERAL MANAGER OPERATIONS
WEST DDH1 DRILLING

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

Russell Chard

GENERAL MANAGER OPERATIONS
EAST DDH1 DRILLING

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

Clay Schmidt

GENERAL MANAGER
STRIKE DRILLING

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

Stuart Baird

GENERAL MANAGER
RANGER DRILLING

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

Nick Rossides

GENERAL MANAGER OPERATIONS
SWICK MINING SERVICES

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


SULLAIR
strike
EMSC 5366

OUR PROVEN GLOBAL BUSINESS

- Well-established brands
- Services across the mining value chain
- Large modern drill fleet
- Global scale and operations
- Diversified revenue profile
- History of strong financial performance

OUR WELL-ESTABLISHED LEADING BRANDS

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

> **"I am immensely proud of being part of the DDH1 Drilling team that has delivered another outstanding performance throughout FY23. Our team has once again shown its dedication to supporting our valued clients throughout Australia, transferring operations and equipment seamlessly across the country to fill demand for DDH1's services."**
>
> RUSSELL CHARD, GENERAL MANAGER - DDH1 DRILLING EAST COAST

DDH1 DRILLING

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

17 years' experience

Established 2006

Services
Diamond core

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

Commodities
Multi-commodity

Rig Fleet
74 (surface and underground rigs)

DDH1 FY23 HIGHLIGHTS

- Successfully completed resource drilling contract with the Greatland/ Newcrest Joint Venture at Havieron, achieving more than 255,000m since commencement in 2019
- Completed initial trial of hands-free rod handling system to operate on existing fleet

Our four leading brands, DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick Mining Services, each have unique strengths and complementary capabilities and a proven track record of performance and service delivery.

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

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

STRIKE DRILLING

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

10 years' experience

Established 2013

Services
Air core
Reverse circulation

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

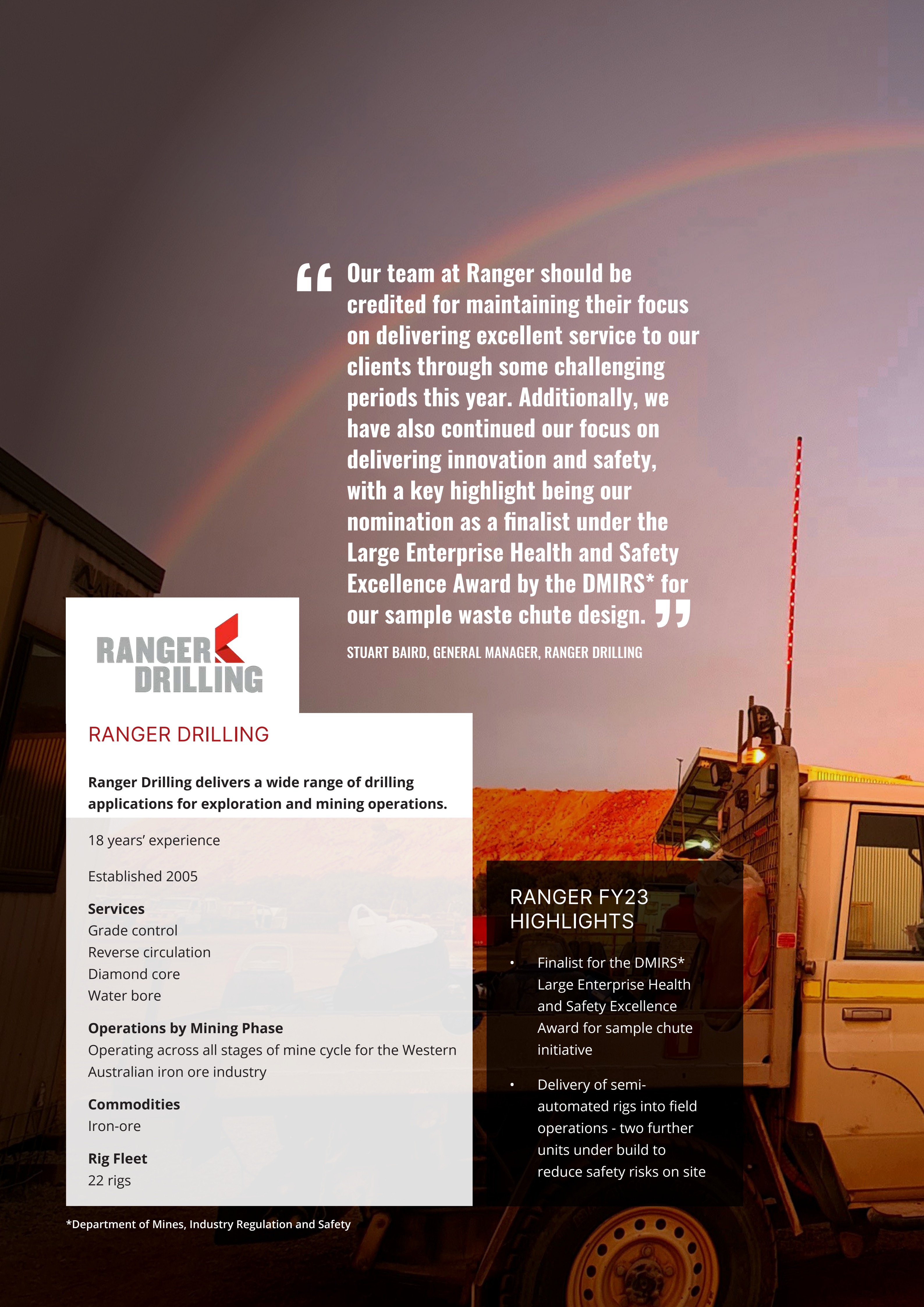
Commodities
Multi-commodity

Rig Fleet
16 rigs including 7 dual purpose

> **"2023 has been a remarkable year for Strike, marked by both exceptional safety and an impressive financial performance. This is a testament to the commitment of the Strike Drilling team that we are all proud to be apart of."**
>
> CLAY SCHMIDT, STRIKE GENERAL MANAGER

STRIKE FY23 HIGHLIGHTS

- Continued our organic growth adding an extra 2 rigs to the fleet
- Expanded our operating network further throughout Australia
- Reduced our TRIFR from 8.5 to 4.1 thorough out the year



> Our team at Ranger should be credited for maintaining their focus on delivering excellent service to our clients through some challenging periods this year. Additionally, we have also continued our focus on delivering innovation and safety, with a key highlight being our nomination as a finalist under the Large Enterprise Health and Safety Excellence Award by the DMIRS* for our sample waste chute design.

STUART BAIRD, GENERAL MANAGER, RANGER DRILLING

RANGER DRILLING

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

18 years' experience

Established 2005

Services
Grade control
Reverse circulation
Diamond core
Water bore

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

Commodities
Iron-ore

Rig Fleet
22 rigs

RANGER FY23 HIGHLIGHTS

- Finalist for the DMIRS* Large Enterprise Health and Safety Excellence Award for sample chute initiative
- Delivery of semi-automated rigs into field operations - two further units under build to reduce safety risks on site

*Department of Mines, Industry Regulation and Safety

SWICK
Innovative • Productive • Safe

SWICK MINING SERVICES

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

26 years' experience

Established 1997

Services
Underground diamond core

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

Commodities
Multi-commodity

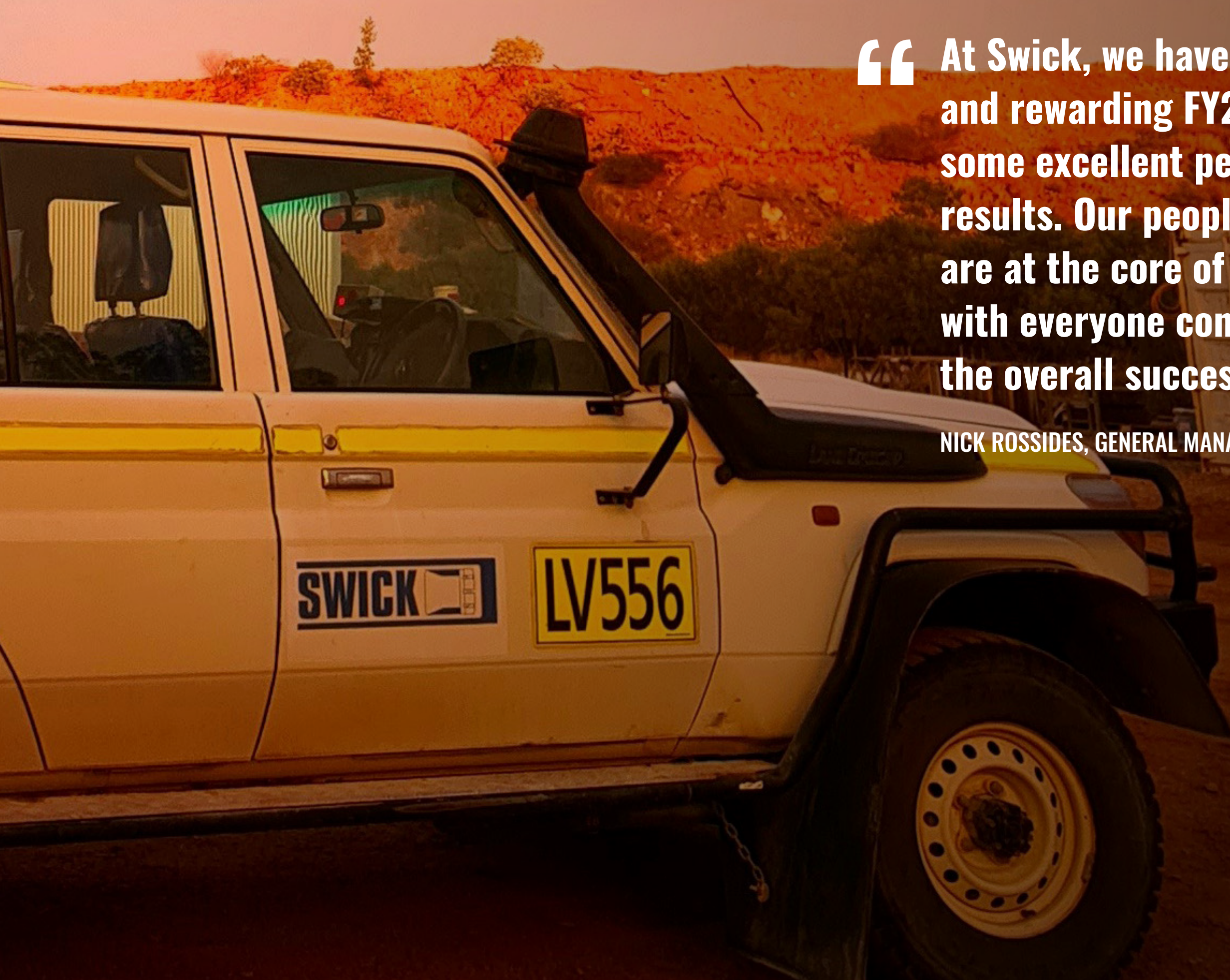
Rig Fleet
81 rigs

SWICK FY23 HIGHLIGHTS

- 40% improvement in TRIFR
- 9.6% increase in metres drilled
- 26.8% increased in shifts drilling >100m
- 11% increase in total shifts
- DeepEx division introduced new carrier with automatic rod handling system
- DeepEx achieved the deepest hole on record from an underground platform to 2,388m

"At Swick, we have had a busy and rewarding FY23, delivering some excellent performance results. Our people and culture are at the core of what we do, with everyone contributing to the overall success of Swick."

NICK ROSSIDES, GENERAL MANAGER OPERATIONS, SWICK




DDH

SPECIALIST DRILLING PROVIDER ACROSS THE MINING VALUE CHAIN

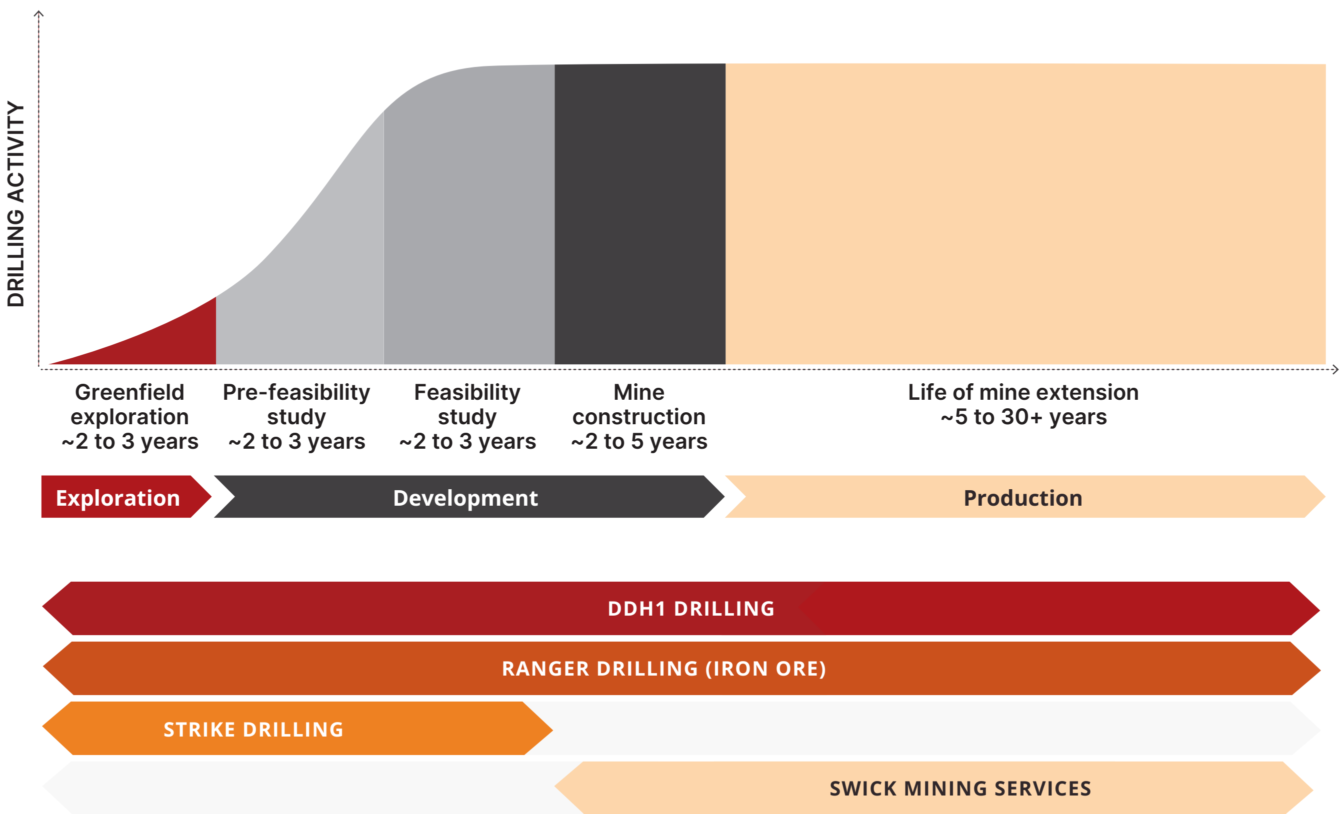
Our broad portfolio of quality brands enables us to offer a diversified range of services across the mining value chain.

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

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

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

OUR SERVICES ACROSS THE MINING VALUE CHAIN



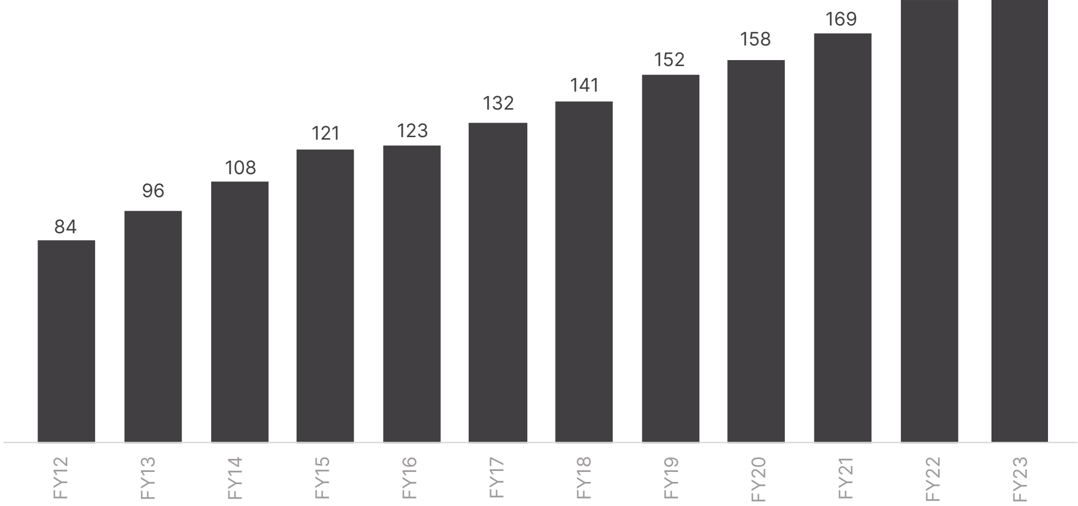
LARGE MODERN RIG FLEET

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

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

Our organic fleet growth positions DDH1 to leverage current industry fleet shortfalls, meet increased demand and maintain high rig utilisation. In FY23, we added an additional 10 rigs to our fleet and at 30 June 2023, we have a further 10 rigs on order or under build.

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



RIG FLEET BY BRAND

DDH1 Drilling	Swick	Ranger Drilling	Strike Drilling
74 rigs	**81 rigs**	**22 rigs**	**16 rigs**

GLOBAL SCALE OPERATIONS

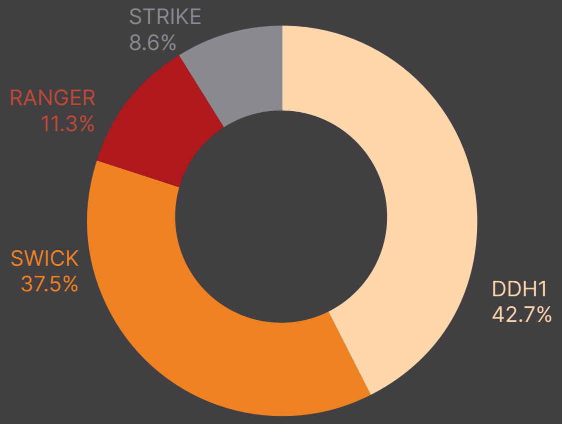
Our operations span all key mining regions of Australia and in selected established international markets.

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

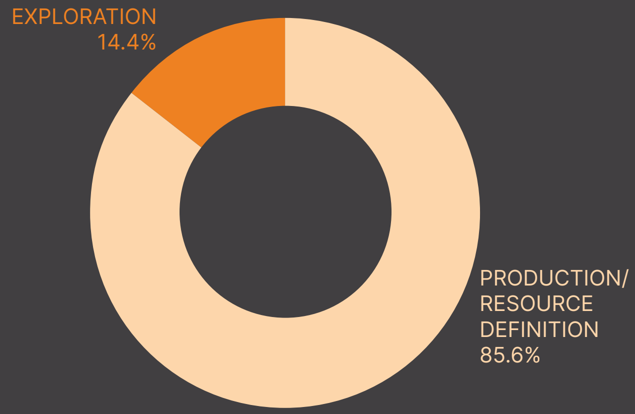
> "During FY23 we remained focused on our growth strategy including leveraging Swick's presence in North America and Western Europe. We successfully grew our fleet and revenue per rig year-on-year and maintained our position as the largest operator in Australia."

QUALITY DIVERSIFIED REVENUE PROFILE

FY23 REVENUE BY BRAND



FY23 REVENUE BY PHASE

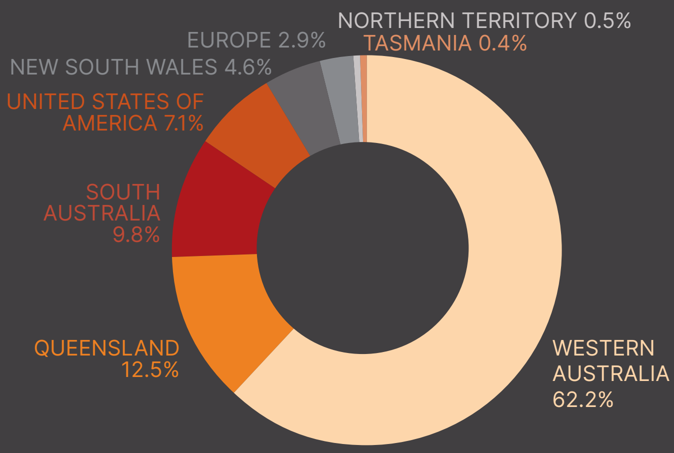


At DDH1 we have a low risk, balanced revenue profile, with 86% of revenue derived from the production and resource definition phases, which are typically less cyclical.

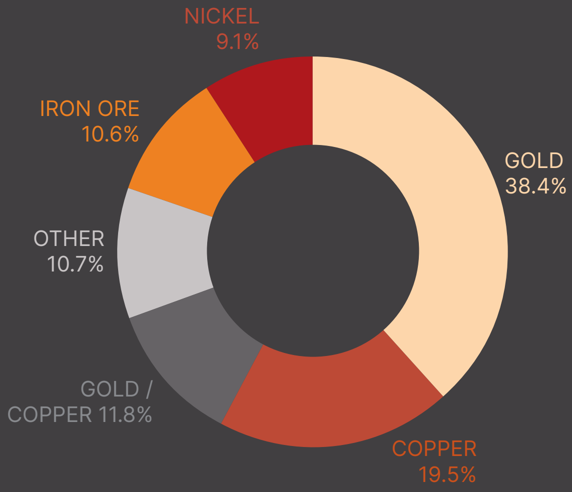
49.7% of our customers are ASX 200 listed companies.

We have developed long-term relationships with our customer base. Eight of our top ten clients during FY23 have been with our Company for more than five years, representing 49% of total revenue.

FY23 REVENUE BY GEOGRAPHIC SPREAD



FY23 REVENUE BY COMMODITIES

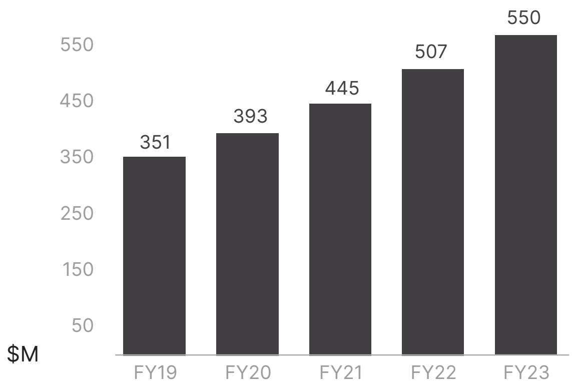


STRONG FINANCIAL PERFORMANCE

We have a proven track record of strong financial discipline and performance. We have continued to grow our revenue with 4-year compound annual growth of 13%, whilst continuing to hold our EBITDA margins at consistently strong levels.

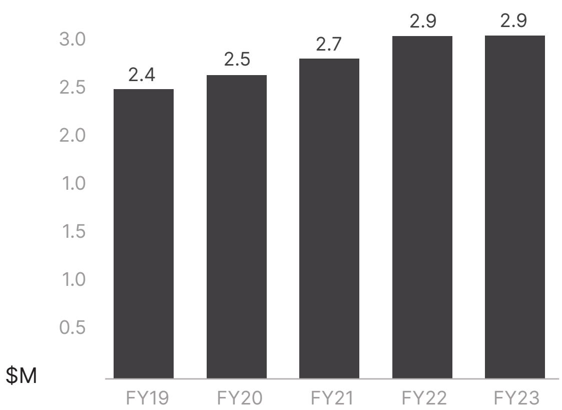
Our strong cash generation and lowly leveraged balance sheet enables us to drive our organic and inorganic growth strategies to ensure long-term returns for our shareholders.

REVENUE GROWTH



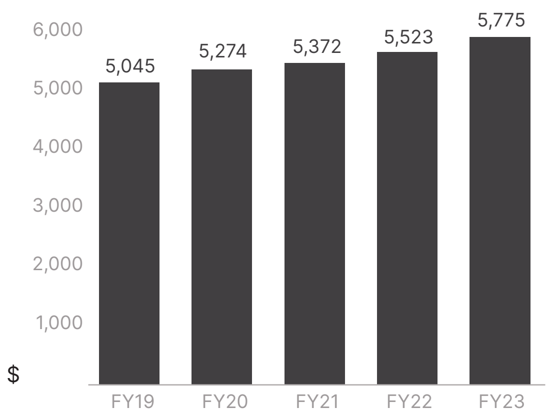
Organic rig growth across four brands due to solid demand in all regions globally

AVERAGE REVENUE PER RIG

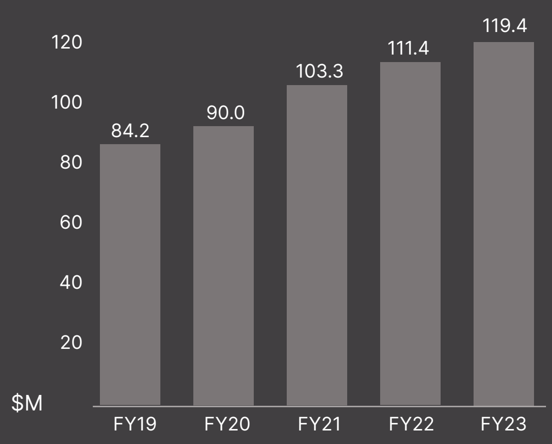


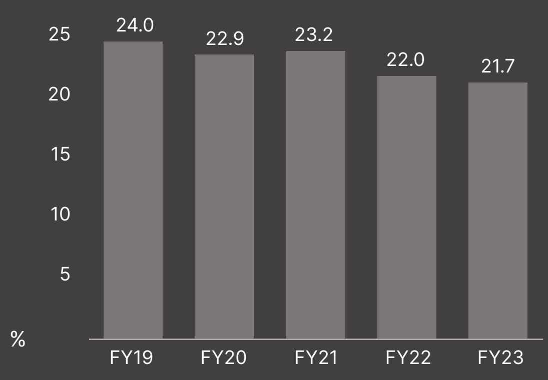
Average revenue per rig remained stable, with rate increases offset by lower overall utilisation

REVENUE PER SHIFT



Revenue per shift increased 4.6%, reflecting our ability to increase rates to offset inflationary cost pressures





Strong trend of operating EBITDA growth

Operating EBITDA margins impacted in the short-term by the high cost operating environment and a softer exploration market, particularly in 2H23.

KEY METRICS

	STATUTORY RESULTS			PROFORMA RESULTS		
$M (unless indicated otherwise)	**FY23**	**FY22**	**VAR (%)**	**FY23**	**FY22**	**VAR (%)**
Revenue	550.4	415.4	32.5%	550.4	506.9	8.6%
Operating EBITDA[1]	119.4	95.0	25.7%	119.4	111.4	7.1%
Operating EBITDA%	21.7%	22.9%	(1.2%)	21.7%	22.0%	(0.3%)
EBITA	68.5	60.8	12.6%	68.5	69.8	(1.8%)
EBITA%	12.4%	14.6%	(2.2%)	12.4%	13.8%	(1.3%)
Operating EBITA[2]	69.4	65.0	6.7%	69.4	74.0	(6.2%)
Operating EBITA%	12.6%	15.7%	(3.0%)	12.6%	14.6%	(2.0%)
Operating NPATA	54.3	44.6	21.7%	54.3	51.7	4.8%
Operating NPATA%	9.9%	10.7%	(0.8%)	9.9%	10.2%	(0.3%)
NPAT	42.5	35.9	18.6%	42.5	42.7	(0.4%)
NPAT%	7.7%	8.6%	(0.9%)	7.7%	8.4%	(0.7%)
Operating NPAT	43.1	38.8	11.2%	43.1	45.6	(5.5%)
Operating NPAT%	7.8%	9.3%	(1.5%)	7.8%	9.0%	(1.2%)
Net Cash / Debt	(7.0)	(16.6)		(7.0)	(16.6)	

[1] Operating EBITDA equals Statutory EBITDA adjusted for acquisition costs for Swick, non-cash revaluation of listed investments and redundancy costs.

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

NOTE: FY22 results are on a proforma basis, as they include Swick Mining Services' Drilling Division (Swick Results) for all the current and comparative reporting periods.

GROWTH STRATEGY AND KEY FOCUS AREAS

PERENTI - PROPOSED MERGER

As announced to the market on 26 June 2023, Perenti and DDH1 entered into a binding Scheme Implementation Agreement, whereby DDH1 will combine with Perenti to create the ASX's leading contract mining services group.

Under the terms of the proposed merger, DDH1 shareholders will receive $0.1238 cash per share, plus 0.7111 Perenti shares. DDH1 shareholders will also be offered the ability to elect maximum scrip or maximum cash consideration alternatives. DDH1 shareholders will own ~29% of the combined entity, which is expected to realise material synergies of $22 million post-tax driving double digit EPS accretion.

DDH1's Board unanimously recommends shareholders vote in favour. The Independent Directors of DDH1 have met separately and also recommend the Scheme. Directors of DDH1 controlling 13.1% of DDH1 shares intend to vote in favour of the Proposed Transaction. Completion of the Proposed Transaction is anticipated to occur by October 2023.

Following successful completion, DDH1 CEO, Sy Van Dyk, intends to become President of the newly formed Drilling Services Division, which will include DDH1 Drilling, Ranger, Strike, Swick and Perenti's Ausdrill. Each drilling business unit will continue to operate under their respective brand and focused management team.

GROWTH STRATEGY AND FY24 FOCUS AREAS

GROWTH STRATEGY

Pursuing organic growth by adding rigs to existing contracts and focusing on increasing the fleet utilisation

Expanding full service offering to existing and new clients

Expanding in key international markets

FOCUS AREAS FOR FY24

The well-being and development of DDH1's global team

Maximising rig utilisation and pursuing disciplined organic growth via fleet expansion

Building long-term and exclusive contracts across the mining value chain, with most revenue derived from production and resource definition drilling programs

Leveraging Swick's underground drilling expertise in North America

Ongoing investment in innovation to deliver best-in-class drilling technologies and commercialisation of the e-rig

Following the successful completion of the proposed transaction, DDH1 will work with Perenti to leverage the attractive synergies, while maintaining the strength of its quality brands.

OUR CORPORATE VALUES

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

We value the safety and health of our people

We value, challenge and reward our people

We put our customers at the centre of what we do

We are committed to leadership in sustainability

We drive excellent sustainable financial performance

OUR APPROACH TO ESG

Our Board and senior management teams recognise the importance of enhancing disclosure relating to the environmental, social and governance (ESG) related risks and opportunities that may impact our Company.

Our sustainability approach focuses on running our business with ongoing integrity and greater transparency, while making a positive impact for stakeholders.

We will aim to focus on aligning our ESG objectives and metrics with the overall strategic drivers of the business. Synchronising key performance indicators (KPIs) for the business with ESG-specific KPIs that can lead to enhancements in our ESG maturity.

PRELIMINARY ESG STRATEGIC PILLARS

ENVIRONMENT

- Energy use
- Water & waste
- Innovation

We recognise our environmental impact and opportunities and are committed to minimising negative impacts and preserving our natural environment for future generations. Our primary focus areas are responsible management of water resources and minimising waste and emissions.

PEOPLE AND COMMUNITY

- Our people
- Health Safety & Wellbeing
- Community

We respect our people and our communities. As an industry leader, we want to be an organisation that attracts and retains talent by ensuring the health, safety and wellbeing of our workforce.

We aim to focus on enriching the lives of our communities through employment, contracting, and local procurement opportunities wherever possible.

CLIMATE CHANGE

- Impact on us
- Opportunities

We will aim to minimise our financial, physical, and transitional risks and consider and respond to the opportunities which stem from climate change. Our primary focus will be to pursue innovations that reduce and offset emissions, meet our customer expectations, improve productivity, and make our work safe.

GOVERNANCE

- Corporate Governance
- Culture
- Ethics & Accountability

We have adopted a sustainability framework, which demonstrates our intent, accountability, and transparency to our stakeholders. We strive for continual improvement in our governance, systems, reporting, and performance metrics. We also aim to communicate our ESG actions and targets across our four sustainability strategic pillars.

Following the successful completion of the proposed merger, DDH1 will leverage Perenti's well-established Sustainability objectives.

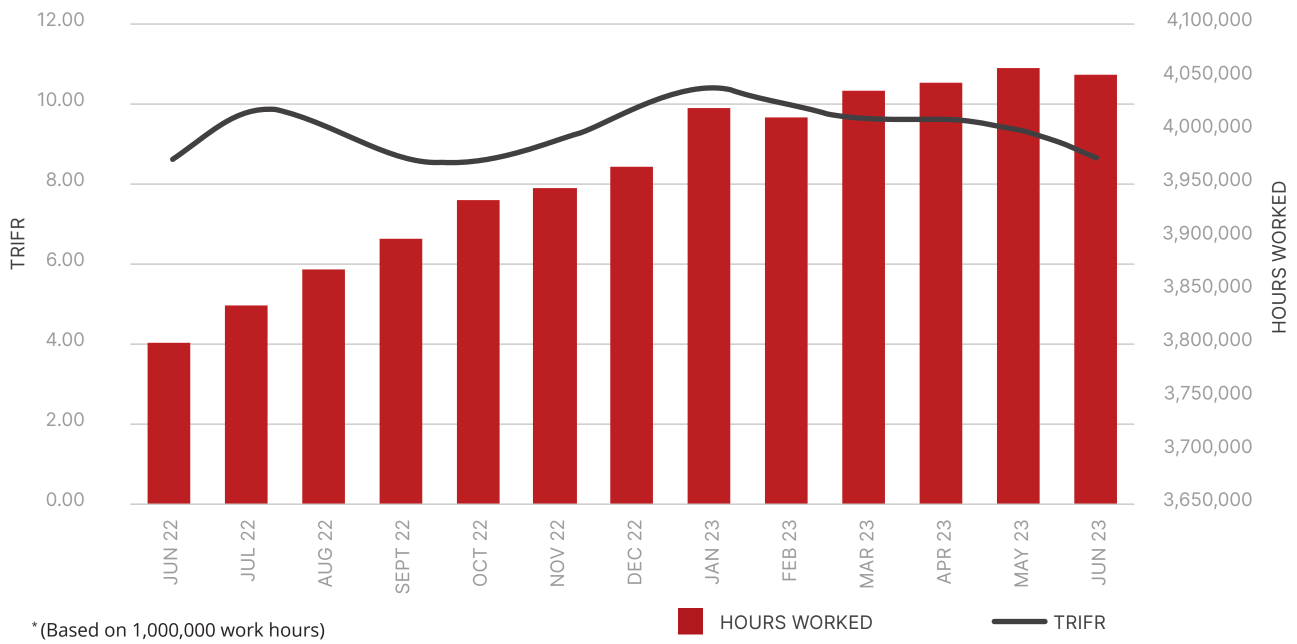
SAFETY & WELLBEING

The health and safety of our people is DDH1's core value and we take our responsibility of providing a safe working environment very seriously.

We are committed to protecting the total wellbeing of our people and everyone around us, creating an environment where no injury is considered acceptable and all activities are undertaken without compromising safety. We maintain the strictest adherence to safety standards and are dedicated to enhancing our safety performance.

At 30 June 2023, our rolling 12-month total recordable injury frequency rate (TRIFR) was 8.64. We also achieved significant safety milestones at two of our sites, with crews at the Agnew Gold Mine in Western Australia achieving five years recordable injury free and at our FMG operations, crews reached three years without a recordable injury. This is a fantastic achievement for both sites and recognition of each team's commitment to safety.

ROLLING 12-MONTH TRIFR*



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

At DDH1, all our employees are responsible for maintaining their safety and that of those working around them. All employees are empowered to stop work in order to make a situation safe and we promote early hazard identification, reporting of all incidents or near misses and ongoing training in safe work processes.

Additionally, our businesses maintain safety management systems to provide the support and structures for our team to work safely, including relevant training and resources. These systems ensure we maintain the strictest adherence to safety standards at our offices, travelling and on site.

We are committed to continuous improvement and monitor a range of safety performance measures that contribute to the ongoing review and improvement of our health and safety procedures.

SUPPORTING EMPLOYEE MENTAL HEALTH

Supporting employee mental health and increasing understanding of mental health issues is a key focus across all our brands.

SWICK SOS PROGRAM

"Switch on at Swick" (SOS) was established in 2021. The program delivers a range of initiatives to support education regarding mental health issues and provides knowledge and skills to help employees assist someone in need via mental health first aid training.

Since its establishment more than 40 SOS leaders across the business, in addition to supervisors and leading hands, have successfully completed their mental health first aid training and are progressing the implementation of the program's initiatives across its sites.

EMPLOYEE ASSISTANCE PROGRAM

At DDH1, we provide an Employee Assistance Program (EAP), Assure that provides 24/7 resources, support and counselling for employees and their immediate families for a broad range of personal and work-related matters.

R U OK DAY

R U OK Day is a public health promotion charity that holds a national day of action encouraging people to stay connected and have conversations that can help others through difficult times in their lives. Activities were held across all DDH business units and sites to support this important message for our employees.

SAFETY AWARD

FINALIST FOR HEALTH AND SAFETY EXCELLENCE AWARD

Ranger was nominated as a finalist by the Department of Mines, Industry Regulation and Safety (DMIRS) under their Large Enterprise Health and Safety Excellence Award for the development of their automated sample waste chute.

The Ranger team developed the concept to reduce human intervention when dealing with bulk sample waste and manual handling involved in managing the spoils.

Ranger's field crews were heavily involved in the design from concept development to fabrication, leading to a final product that has significantly reduced the risk of injuries related to sample handling.

Ranger's sample waste chute was designed in-house with significant input from field crews to ensure a practical solution that reduced risk of injury.

The project team received the DMIRS award for their sample waste chute initiative in reducing risk of injury on site.

PEOPLE & CULTURE

We employ the industry's most experienced operators, and our excellent reputation is a reflection of the quality of our people.

During FY23, we maintained our team of 1,758 employees, down marginally from 1,775 in FY22. We have continued to focus on enhancing our employee value proposition to be the employer of choice within the global drilling industry and the broad range of measures have been successful in attracting and retaining employees.

We also recognise the importance of providing a structured training pathway and career development opportunities for our team. Most employees on our drill crews have either completed or are enrolled to undertake a drilling qualification.

We also offer additional training for our emerging leaders to ensure succession planning. This investment in our employees' development builds our capabilities and improves the quality of our drilling, our safety performance and employee engagement.

INCLUSION AND DIVERSITY

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

Our Inclusion and Diversity Policy sets out our commitment to:

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

Our Company is defined as a Relevant Employer under the Workplace Gender Equality Act 2012 (Cth) and we disclose our Gender Equality Indicators to the Workplace Gender Equality Agency (WGEA) annually. Our 2022-2023 Report is available on the WGEA website and the DDH1 Limited website.

INDIGENOUS ENGAGEMENT

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

CHOOSE RESPECT.

RESPECTFUL BEHAVIOURS

We are committed to establishing and maintaining a positive, inclusive, professional, and safe environment for our employees. As our industry recognises the need to address mental health hazards in the same way as physical ones, DDH1 is at the forefront of this change to build better workplaces for everyone.

We have implemented a number of programs across our brands to support this during the year, including Choose Respect and SpeakUp! programs at DDH1 Drilling.

We genuinely care about our people and want everyone to feel safe and secure at work. We believe that everyone deserves to be treated with respect.

Our Choose Respect program sets out the expected behaviours for all DDH1 Drilling employees relating to how we treat each other at work. We have zero tolerance for disrespectful behaviours from anyone in our organisation and everyone has a responsibility to behave appropriately.

This program has been implemented at every DDH1 Drilling office and rig site. It includes ongoing training and information for all employees and also supports our leaders to better manage disrespectful behaviours if they occur.

SPEAK UP!

Our SpeakUp! service has been created in line with our Choose Respect program and provides a confidential, easy to use way for employees to communicate any concerns or issues they are experiencing at work.

SpeakUp! is easily accessed by scanning a QR code and employee may report concerns including:

- Disrespectful behaviours
- Discrimination
- Bullying
- Harassment
- Sexual harassment

SUPPORTING OUR COMMUNITIES

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

In FY23, we contributed to the following community programs:

Einstein First

Assisted Living Village, Newman

MACA Ride for Research

Lifeline

Pirate Ship Foundation

Leonora Golden Gift

Operation Sunshine

Murlpirrmarra Connection

THE ULTIMATE BACKYARD CRICKET MATCH

DDH1 Drilling sponsored the Pirate Ship Foundation's Ultimate Backyard Cricket Match in March 2023 at the Government House Gardens in WA.

The Pirate Ship Foundation funds vital research into childhood brain cancer through a range of initiatives, adventures, events and partnerships. Funds are invested directly into childhood brain cancer research programs, including to the Brain Tumour Research Program at Telethon Kids Institute in Perth.

RANGER'S BLUE TREE PROJECT SUPPORT

The Blue Tree Project is an organisation helping spark difficult conversations and encouraging people to speak up when battling mental health concerns.

Ranger has provided support through a range of initiatives during FY23.

Aaron Solomon, Ranger Supervisor, in collaboration with his crew, created a charity t-shirt focussing on mental health and available services. Ranger donated 100% of profits from sales of the t-shirts to the organisation.

During March, members from Ranger Drilling completed the 2x1x24 challenge, with each participant running 2kms, every hour on the hour, for 24 hours to raise money for the Blue Tree Project.

DDH1 RAISES MORE THAN $17,000 FOR RONALD MCDONALD HOUSE 'UP ALL NIGHT' EVENT

In November, a team from DDH1, including our founder Murray Pollock, walked a marathon 42kms as part of the Up All Night event, raising vital funds for Ronald McDonald House.

Ronald McDonald House is a home away from home for sick children receiving emergency medical treatment and money raised is used to support the families with seriously and critically ill children.

PARTNERING WITH EINSTEIN FIRST PROJECT TO SUPPORT STEM IN SCHOOLS

We are proud partners of the Einstein First Project, which aims to modernise Australian school science by introducing Einsteinian concepts to primary and secondary school curriculums.

It utilises interactive learning methods seeking to re-engage students in years three to ten with STEM subjects, with a revitalising focus on the Einsteinian concepts that underpin modern physics and technology.

Einstein First is committed to not only introducing children to the relevant science, but also training teachers to impart the knowledge.

Swick supported the Leonora Community Resource Centre in raising funds to support a trip to Kalgoorlie for children in the local community.

Ranger drilled the water bore for the Kirninyjarri Maya Elders Assisted Living Village in Newman to reticulate the cultural landscaping project. The team were thrilled to meet the Elders who will be moving into the finished village and are very proud to have supported this important community project.

A team of 15 riders from Swick took part in the two day, 200km round trip for the MACA Cancer 200 ride, raising money for the Harry Perkins Institue of Medical Research.

Employees supported Movember, an annual event that involves growing a moustache to raise awareness of men's health issues.

Ranger is a strong advocate for Breast Cancer Care WA, supporting their Purple Bra Day appeal, raising funds to continue support for those affected by breast cancer.

Our DDH1 team enjoyed morning tea while raising money for the Cancer Council, who work across all aspects of cancer.

NAIDOC celebrations at Ranger included a lunch and learn session to learn about local Noongar culture.

ENVIRONMENT

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

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

Processes within our Environmental Management System include:

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

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

CLIMATE CHANGE RISK MANAGEMENT

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

DDH1 Drilling has designed and commissioned a new hands-free, solar powered ancillary sloop for its LF 160 rig operating in the Pilbara.

E-RIG TO REDUCE CARBON FOOTPRINT

Swick's Futures Division has progressed the new full-scale Gen 3 e-Rig during FY23. The Gen 3 delivers more power to the drill string and will be completely electric during tramming. These rigs support client's ESG goals, assisting reduce carbon footprint of underground core drilling operations.

CORPORATE GOVERNANCE

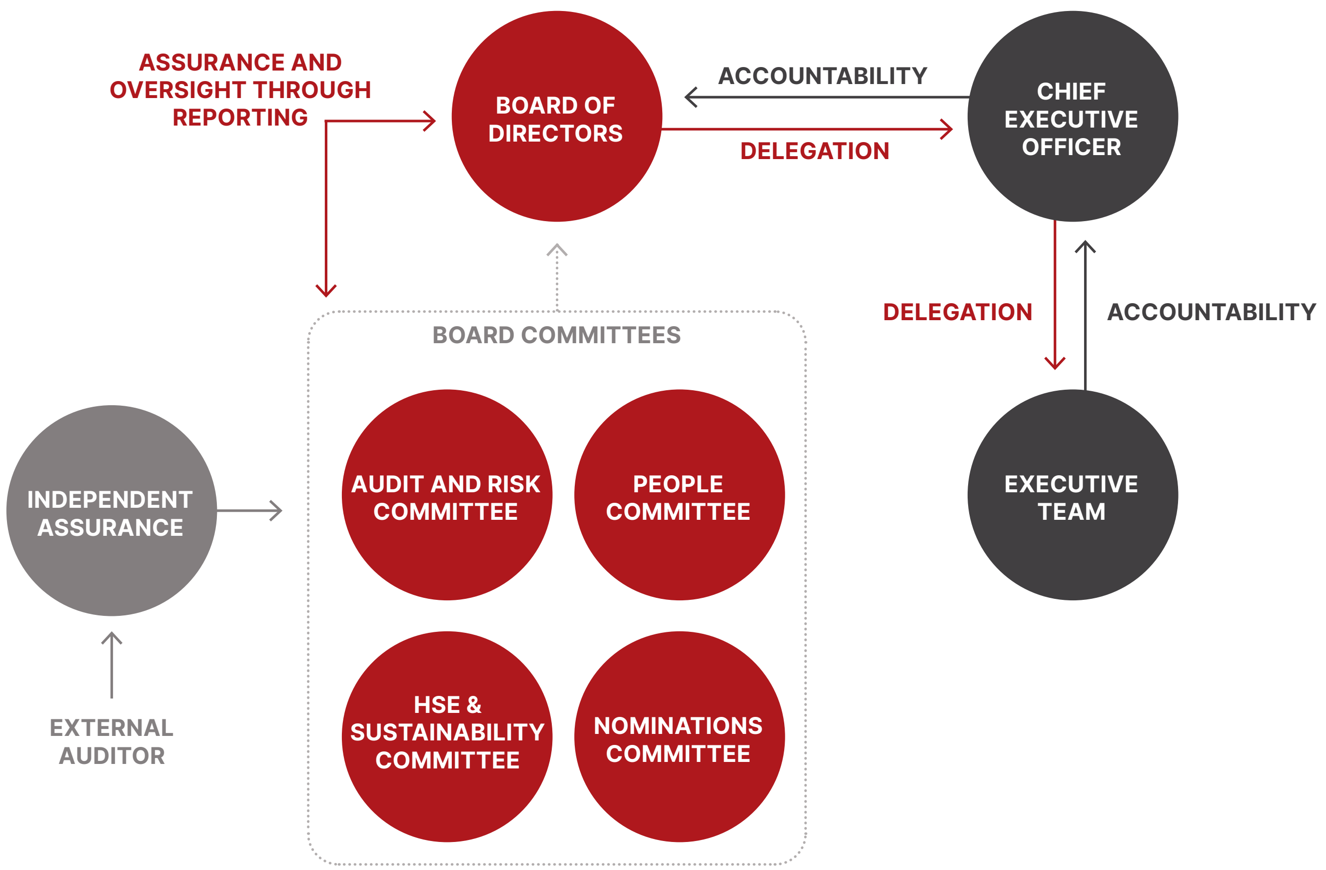
We are committed to achieving best practice standards of corporate governance. Our Board has implemented, and operates in accordance with, a set of corporate governance principles which it sees as fundamental to DDH1's continued growth and achievement of its corporate ambition and strategy.

Our Board continues to review our corporate governance framework and practices to ensure they meet the interests of shareholders. We are committed to achieving the ASX principles of corporate governance and business conduct, fostering a culture of compliance that values integrity, ethical behaviour, accountability, transparency and respect for all stakeholders.

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

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

CORPORATE GOVERNANCE FRAMEWORK



GOVERNANCE POLICIES

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE AND MODERN SLAVERY STATEMENTS

For detailed information on the corporate governance framework and main governance practices, policies and charters of DDH1 for the year ended 30 June 2023, including details of compliance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, refer to the 2023 Corporate Governance Statement on our website:

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

RISK MANAGEMENT

RISK MANAGEMENT REPORT

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

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

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

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

Our key risks are summarised in the table below.

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

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

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

RISK MANAGEMENT FRAMEWORK

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

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

FINANCIAL REPORT

DDH1 LIMITED FY23 FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2023

DDH1 LIMITED
ABN 48 636 677 088


DANGER
NO
UNAUTHORISED
ENTRY

Directors' Report

The Directors of DDH1 Limited submit herewith the financial report of DDH1 Limited (the **"Company"**) and its subsidiaries (the **"Group"**) for the financial year ended 30 June 2023.

Directors

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

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

EXECUTIVE DIRECTORS	
Sy Van Dyk	Managing Director and CEO

Directors' Report

Information on Directors

Diane Smith-Gander, AO

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

Skills and Experience

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

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

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

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

Interest in DDH1 securities
147,629 ordinary shares

Special responsibilities
Chairperson of the Board
Member of the People Committee

Other current directorships
Chair of HBF Health Limited
Chair of Zip Co Limited
Chair of the Committee for Economic Development of Australia

Former directorships in the last three years
Wesfarmers Limited (resigned 12 November 2021)
Director of Keystart Home Loans Group (resigned 30 June 2022)
Director of AGL Energy Limited (retired 15 November 2022)

Directors' Report

Information on Directors (continued)

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

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

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

Alan was also the previous Chair of the Australian Mining Services Industry Association, Austmine, for 23 years and is now Chairman Emeritus and has been recognised by the Commonwealth with an Order of Australia (AM) for services to the mining technology sector and by the Australian Institute of Export as an "Export Hero". The Australian Institute of Mining and Metallurgy has also awarded Alan with a President's Award for services to the mining sector and the inaugural Austmine Life Member Award for contribution to the mining equipment, technology and services sector.

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

Interest in DDH1 securities
45,455 ordinary shares

Special responsibilities
Chair of the Audit & Risk Committee
Member of the Health and Safety Committee

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

Former directorships in the last three years
Nil

Directors' Report

Information on Directors (continued)

Murray Pollock

Non-Executive Director and Founder of DDH1
GAICD

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

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

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

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

Interest in DDH1 securities
47,419,961 ordinary shares

Special responsibilities
Chair of the Health and Safety Committee
Member of People Committee

Other current directorships
Nil

Former directorships in the last three years
Nil

Directors' Report

Information on Directors (continued)

Byron Beath

Non-Executive Director
B.Com

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

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

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

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

Interest in DDH1 securities
Nil

Special responsibilities
Member of Audit & Risk Committee

Other current directorships
Nil

Former directorships in the last three years
Nil

Directors' Report

Information on Directors (continued)

Andrea Sutton **Independent Non-Executive Director**

BEng Chemical (Hons), GradDipEcon, GAICD

Skills and experience

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

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

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

Interest in DDH1 securities

95,455 ordinary shares

Special responsibilities

Member of Audit & Risk Committee
Chair of the People Committee
Member of the Health and Safety Committee

Other current directorships

Red 5 Limited
Iluka Resources Limited

Former directorships in the last three years

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

Directors' Report

Information on Directors (continued)

Sybrandt (Sy) Van Dyk

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

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

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

Interest in DDH1 securities
4,966,795 ordinary shares
758,202 performance rights

Special responsibilities
Nil

Other current directorships
Austin Engineering Limited commenced 19 February 2018

Former directorships in the last three years
Nil

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

DIRECTORS	BOARD OF DIRECTORS		PEOPLE COMMITTEE		HSE & SUSTAINABILITY COMMITTEE		AUDIT & RISK COMMITTEE	
	ENTITLED TO ATTEND	ATTENDED	ENTITLED TO ATTEND	ATTENDED	ENTITLED TO ATTEND	ATTENDED	ENTITLED TO ATTEND	ATTENDED
Diane Smith-Gander	17	17	1	1	-	-	-	-
Alan Broome	17	16	-	-	3	3	4	4
Andrea Sutton	17	17	1	1	3	3	4	4
Murray Pollock	17	16	1	1	3	3	-	-
Byron Beath	17	16	-	-	-	-	4	4
Sy Van Dyk	17	17	-	-	-	-	-	-

All meetings were held between 1 July 2022 and 30 June 2023. All directors are able to attend any committee meeting by invitation and there are occasions when they do so. Only attendances of formal committee members are captured in the above table.

There were no meetings of the Nominations Committee during the reporting period.

Directors' Report

Company Secretaries

The Board has appointed one Company Secretary.

Darryl Edwards

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

Ben MacKinnon

Ben finished as CFO and Company Secretary on 20 January 2023.

Principal Activities

The principal activities of the Group during the financial period were to provide a range of specialised surface and underground drilling services to mining and exploration operations throughout Australia, North America and Western Europe. No significant change in the nature of these activities occurred during the year.

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

Review of Operations

The Group's financial performance for the year has been reasonable considering industry wide challenges. Our surface operations were negatively impacted by adverse weather conditions and softer demand, especially in the second half of the financial year. Pleasingly, surface demand started to improve toward the back end of the financial year. Our underground operations performed strongly in the last three quarters of the financial year after starting the year slowly due to staff constraints which were successfully addressed. The Group has been proactive to demand challenges for the Group's drilling services, with rig utilisation and productivity at acceptable levels.

Safety and Training

The Group continues to invest significant time and costs in safety training programs and initiatives. The result of this investment is that the rolling 12-month total recordable injury frequency rate (TRIFR) remained consistent with the June 2023 results (on a proforma basis).

ROLLING 12 MONTHS TRIFR	2023 TRIFR	2022 TRIFR	% CHANGE
Proforma	8.64	8.65	(0.12%)
Statutory	8.64	7.58	13.98%

Capital Expenditure

During the year, the Group added 5 surface rigs and 7 underground rigs into the fleet. These additions underpin the continued investment in the Group's current and future operations. The Group disposed of 2 surface rigs that were no longer required to service the Group's customers.

Directors' Report

Review of Operations (continued)

Utilisation

At 30 June 2023, the Group's fleet totalled 193 drill rigs. This comprised 93 underground and 100 surface drill rigs. Utilisation in FY23 was impacted by a softer second half. The Group was impacted by weather and experienced a slower return to drilling from the annual Christmas closure period (than it has had experienced in the past few years). This resulted in the utilisation rates decreasing to 74.4% for FY23 (FY22: 77.4%).

Metres Drilled

During the year, the Group has seen a movement in metres drilled as per the below table:

METRES DRILLED	2023 METRES	2022 METRES	% CHANGE
Statutory	3,404,504	2,758,807	23.4%
Proforma	3,404,504	3,486,168	(2.3%)

Financial Results

FINANCIAL RESULTS (NON-IFRS)	2023 $'000	2022 $'000	% CHANGE
PROFIT & LOSS			
Revenue	550,447	415,377	32.5%
Statutory EBITDA	118,475	90,782	30.5%
Operating EBITDA (reconciled below)	119,360	94,969	25.7%
Statutory EBITA	68,507	60,826	12.6%
Operating EBITA (reconciled below)	69,392	65,013	6.7%
Statutory EBIT	57,387	55,018	4.3%
Operating EBIT (reconciled below)	58,273	59,205	(1.6%)
Statutory NPAT	42,524	35,859	18.6%
Operating NPAT (reconciled below)	43,143	38,790	11.2%
CASH FLOW			
Net cash from operating activities	123,076	84,136	46.3%
Net cash from investing activities	(66,696)	(60,478)	(10.3%)
Operating cash flow before interest and taxes	118,063	83,157	42.0%
AT BALANCE DATE			
Cash	25,088	17,941	39.8%
Debt (excluding right of use liabilities)	32,094	34,510	(7.0%)
Net (Debt)/Cash (cash less debt excluding right of use liabilities)	(7,006)	(16,569)	57.7%

Directors' Report (continued)

Review of Operations (continued)

NON IFRS RECONCILIATION	2023 $'000	2022 $'000
Statutory EBITDA	118,475	90,782
Amended for:		
Business Combination expenses	-	3,820
Transaction expenses	876	-
Restructuring costs	-	118
Other	9	249
Operating EBITDA	**119,360**	**94,969**
Less Depreciation expense	49,968	29,956
Operating EBITA	**69,392**	**65,013**
Less Amortisation expense	11,119	5,808
Operating EBIT	**58,273**	**59,205**
Less Net Finance expense	2,781	1,644
Less Tax expense	12,082	17,515
Less Tax impact of operating add backs	267	1,256
Operating NPAT	**43,143**	**38,790**

FINANCIAL RESULTS (NON-IFRS)	2023	2022	% CHANGE
RATIOS			
Statutory EBITDA Margin %	21.5%	21.9%	(0.4%)
Operating EBITDA Margin %	21.7%	22.9%	(1.2%)
Statutory EBITA Margin %	12.4%	14.6%	(2.2%)
Operating EBITA Margin %	12.6%	15.7%	(3.1%)
Operating EBIT Margin %	10.6%	14.3%	(3.7%)
Basic EPS – cents per share	10.51	9.77	7.6%

Profit

The Group generated a 24.3% increase in Statutory Operating EBITDA or the year. Revenue increased 32.5%, due to an increase in rigs and revenue per shift as well as the full year contribution of Swick Mining Services, compared to only 5 months in FY2022. A decrease in utilisation of 3% resulted in a 1.2% decrease in operating EBITDA margin.

Balance Sheet

Total assets have increased by $3.4 million to $477.4 million primarily due the continued investment into our fleet. $70.1 million was invested in CAPEX during the year ended 30 June 2023.

Total liabilities increased by $12.0 million to $143.4 million primarily as a result of the Group recognising upfront tax deductions associated with the purchase of certain property, plant and equipment.

Directors' Report (continued)

Review of Operations (continued)

Cash flow

Operating cash flows for the year ended 30 June 2023 increased by 46.3% to $123.1 million (2022: $84.1 million) due to an increase in rigs, and revenue per shift as well as the full year contribution of Swick Mining Services, compared to only 5 months in FY2022.

Cash outflows from investing activities were 10.3% higher primarily as a result of increased capital investment and Swick Mining Services full year capital expenses. These cash flows underpin the continued investment in the Group's current and future operations.

Financing cash flows for the year resulted in a net outflow of $49.5 million (2022: $20.5 million), mainly due to the returns to shareholders via dividends of $24.2 million and the share buy-back program of $21.7 million that were paid during the year.

Significant Changes In the State of Affairs

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

On 26 June 2023, DDH1 Limited and Perenti Group entered into a binding Scheme Implementation Agreement (the "SIA" or 'Scheme") under which DDH1 will combine with Perenti to create a leading mining services group on the ASX.

Under the terms of the Proposed Transaction, DDH1 shareholders will receive for each DDH1 share held $0.1238 cash plus 0.7111 Perenti shares (Standard Consideration). DDH1 shareholders will also be offered an ability to elect maximum scrip or maximum cash consideration alternatives (subject to scale back arrangements based on a total available cash pool of $50 million). In other words, shareholders have the ability to elect for either more cash or more scrip consideration and the respective demand is matched to the extent possible, with parties scaled back to the extent of any mismatch. The consideration is subject to adjustment for any DDH1 or Perenti final FY23 declared dividend.

There are a number of conditions precedent under the SIA. The Scheme will not become effective and the obligations to complete the implementation of the Scheme are not binding until all the conditions precedent have been met or formally waived. At balance sheet date, these conditions precedent have not been met. These conditions include (but are not limited to):

- Scheme shareholder approval
- Court approval of scheme
- Regulatory approval

Court approval of the Scheme was provided on 16 August 2023.

Directors' Report (continued)

Review of Operations (continued)

Environmental Regulation

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

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

Dividends

During the year, the Group paid two fully franked dividends of 2.65 cents per share totalling $10.8M (2022: $7.3M) and 3.33 cents per share totalling $13.6M (2022: $10.5M). On 29 August 2023, the directors declared a fully franked final dividend of 1.96 cents per share to the holders of fully paid ordinary shares in respect of the six months ended 30 June 2023, to be paid to shareholders in September 2023. This final dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $7.9M.

Subsequent Events

For the year ended 30 June 2023, a fully franked dividend of 1.96 cents per share was declared on 29 August 2023 and is payable on 28 September 2023 to DDH1 shareholders on the share register at 15 September 2023.

On 26 June 2023 DDH1 Limited and Perenti Group entered into a binding Scheme Implementation Agreement (the "SIA" or 'Scheme") under which DDH1 will combine with Perenti to create one of the ASX's leading contract mining services groups. Subsequent to year end on 30 July 2023, the Scheme Booklet was lodged with ASIC. The Scheme Booklet was approved on 16 August 2023. The Scheme Implementation effective date is currently timetabled to be 3 October 2023. As a result of entering into the SIA, the Board approved and exercised their discretion in accordance with clause 19.1 of the DDH1 Long Term Investment Plan and determined that all unvested performance rights will vest and become immediately exercisable subject to the Scheme approval by shareholders and that the relevant number of shares be issued to the relevant executives and employees upon conversion, with shares in the Company to be issued after shareholders have approved the Scheme at the Scheme Meeting on 18 September 2023.

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

Remuneration Report (Audited)

Remuneration Report (Audited)

Contents

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

1. Introduction
2. Remuneration governance
3. Executive remuneration framework
    a) Remuneration policy and strategy
    b) Link to Company performance
    c) Approach to setting remuneration and details of incentive plans
4. Executive remuneration outcomes for FY23
5. Executive contracts
6. Non-executive director remuneration
7. Additional disclosures relating to share-based payments.
8. Loans to key management personnel and their related parties
9. Other transaction balances with key management personnel and their related parties

1. Introduction

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

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

NAME OF KMP	POSITION	TERM AS KMP
NON-EXECUTIVE DIRECTORS		
Diane Smith-Gander AO	Chairperson and Independent Non-Executive Director	Full current and comparative period
Andrea Sutton	Independent Non-Executive Director	Full current and comparative period
Alan Broome AM	Independent Non-Executive Director	Full current and comparative period
Byron Beath	Non-Executive Director	Full current and comparative period
Murray Pollock	Non-Executive Director	Full current and comparative period

Remuneration Report (Audited)

1. Introduction (continued)

NAME OF KMP	POSITION	TERM AS KMP
EXECUTIVES		
Sy Van Dyk	Managing Director and Chief Executive Officer	Full current and comparative period
Simon Franich	Chief Financial Officer	26 April 2023 to present
Ben MacKinnon	Chief Financial Officer	8 February 2021 to 20 January 2023

2. Remuneration Governance

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

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

The People Committee was established on 8 February 2021 and its composition comprises three Non-Executive Directors. At 30 June 2023, the members of the People Committee comprised:

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

Use of remuneration consultants

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

During the period, remuneration recommendations (as defined by the Act) were provided to the Company in relation to the salary of Sy Van Dyk. This recommendation was considered in the revised salary as included within this report.

Remuneration Report (Audited)

3. Executive Remuneration Framework

3.A Remuneration policy and strategy

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

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

The Company's Remuneration Policy for Executive Remuneration

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

Remuneration Report (Audited)

3.A Remuneration policy and strategy (continued)

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

Remuneration Report (Audited)

3.B. Link To Company Performance

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

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

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

	FY23	FY22	FY21	FY20	FY19
Revenue ($m)	550.4	415.4	294.6	249.8	212.4
Operating EBITDA ($m) (1)	119.4	94.9	74.6	64.5	54.0
Net Profit Before Tax ($m)	54.6	53.4	39.4	35.4	34.7
Net Profit After Tax ($m)	42.5	35.9	57.2	24.6	25.8
TRIFR (person hours per million)	8.64	8.65	9.00	6.86	8.82
EPS (cents per share)	10.51	9.77	18.58	N/A	N/A
Total dividends declared (cents per share)	5.29 (2)	5.16	2.18	0.98	-
Closing share price as at 30 June ($)	0.84	0.64	1.17	N/A	N/A

1. Operating EBITDA is non-IFRS information. FY23 and FY22 as reconciled in the financial results section of the directors' report (current and prior year). FY21 is reconciled in the FY22 financial report. The Operating EBITDA, as well as the Revenue, Net Profit before Tax and Net Profit after Tax for FY 18,19 and 20 is prepared on a pro forma basis as if the Group in connection with the Company's initial public offering (refer to section 4.3.1 in the Company's Prospectus dated 8 February 2021) had been in existence for that entire period. This information is not audited.

2. Includes dividends declared after the end of the reporting period of 1.96 cents per share in respect to this financial year and not reflected in the financial statements.

Remuneration Report (Audited)

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

In FY23, the executive remuneration framework consisted of fixed remuneration, and short-term and long-term incentives. The actual remuneration mix for each executive is outlined below:

30 June 2023	Fixed Remuneration	Variable At Risk Remuneration	
Executive	Achieved	Short Term	Long Term
Sy Van Dyk	70%	11%	19%
Simon Franich	100%	0%	0%
Ben MacKinnon	100% (1)	0%	0% (1)

1. Mr MacKinnon resigned on 20 January 2023. As he resigned during the period, all STI and LTI amounts (including FY22 and FY21 deferred payments) have been forfeited. This has resulted in the presentation as negative remuneration for Long Term Incentives as the expense was recognised in previous years and is now reversed in the current year (due to him forfeiting). Refer to Section 4.4 of the remuneration report.

30 June 2022	Fixed Remuneration	Variable At Risk Remuneration	
Executive	Achieved	Short Term	Long Term
Sy Van Dyk	65%	21%	14%
Ben MacKinnon	73%	16%	11%

Total Fixed Remuneration (TFR)

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

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

Remuneration Report (Audited)

Variable At Risk Remuneration

Short-Term Incentive Plan (STIP)

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

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

Remuneration Report (Audited)

Long-Term Incentive Plan (LTIP)

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

TOPIC	SUMMARY
Eligibility to participate	All executive and other eligible senior management.
Maximum number of equity securities permitted to be issued under the LTIP	The maximum number of securities that may be issued at the time of the offer under the Plan to eligible participants is 5% of the total number of Shares on issue at any time (including shares that may be issued as a result of offers under the LTIP made during the preceding three-year period or any other relevant employee incentive scheme). The LTIP also includes an overall limit of 10% of the total number of shares on issue at the time the offer is made. For purposes of ASX Listing Rule 7.2, Exception 13 only, the maximum number of securities to be issued under the LTIP is 40,109,342.
Offers under the LTIP	The Board has the discretion to determine: • When LTIP awards are granted; and • The quantum of LTIP awards to be made. The LTIP provides flexibility for the Company to grant rights, options and/or shares as equity-based incentives. The current equity instrument used is Performance Rights.
Grant of Performance Rights	Performance Rights are granted to participants for nil consideration under the LTIP. A Performance Right entitles the participant to acquire one ordinary fully paid share, subject to the achievement of the relevant performance criteria. No amount is payable by the participant on vesting of Performance Rights. LTIP grants were made in November 2022 for FY23.
Quantum of grants	The final number of Performance Rights a participant receives is determined by dividing the dollar value of their LTIP by the Company's share price at the point of allocation of shares.
Performance period	The performance period is at the end of three years from the grant date.
Performance criteria, vesting conditions	Performance Rights granted vest at the end of the performance period, subject to the satisfaction of the following vesting conditions: • 30% of the Performance Rights are subject to a Compound Annual Growth Rate (**CAGR**) in DDH1's Total Shareholder Return (**TSR**) (**TSR Hurdle**); and • 70% of the Performance Rights are subject to a CAGR in DDH1's Earnings Per Share (**EPS**) (**EPS Hurdle**).

Remuneration Report (Audited)

Long-Term Incentive Plan (LTIP) (continued)

TOPIC	SUMMARY
Performance criteria, vesting conditions	**TSR Hurdle** The percentage of Performance Rights that vest, if any, will be based on the following vesting schedule:

DDH1'S CAGR IN TSR OVER THE PERFORMANCE PERIOD	% OF PERFORMANCE RIGHTS THAT VEST
Below 15%	Nil
15%	50%
Between 15% and 25%	Straight-line pro-rata vesting between 50% and 100%
At or greater than 25%	100%

EPS Hurdle

The percentage of Performance Rights comprising the EPS Hurdle that vest, if any, will be based on the following vesting schedule:

DDH1'S CAGR IN EPS OVER THE PERFORMANCE PERIOD	% OF PERFORMANCE RIGHTS THAT VEST
Below 7.5%	Nil
7.5%	33%
Between 7.5% and 20%	Straight-line pro-rata vesting between 7.5% and 20%
At or greater than 20%	100%

Any Performance Rights that remain unvested at the end of the performance period will lapse immediately unless otherwise determined by the Board.

Vesting conditions may be reduced or waived in whole or in part at any time by the Board, subject to any necessary Shareholder approval having been obtained.

TOPIC	SUMMARY
Voting and dividend entitlements	Performance Rights do not carry dividend or voting rights unless and until the Performance Rights are exercised, and shares are issued upon such exercise. Shares issued upon vesting of Performance Rights carry the same dividend and voting rights as other shares.

Remuneration Report (Audited)

Long-Term Incentive Plan (LTIP) (continued)

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

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

Remuneration Report (Audited)

4. Executive Remuneration Outcomes for FY23

4.1 Fixed remuneration outcomes

In the current reporting period, there was a change to fixed remuneration for existing key management personnel (Ben MacKinnon and Sy Van Dyk). Refer to the table within section 4.4 of this Remuneration Report.

Simon Franich was appointed as CFO within the financial year.

4.2 Variable remuneration outcomes

4.2.1 FY23 STI plan

In FY23 and FY22, the executives had key performance indicators (**KPIs**) set to focus executive efforts on the overall financial performance and safety. The information regarding satisfaction of the applicable KPIs for these financial years is set out below:

CRITERIA	KPI	WEIGHT	PAYMENT SCHEDULE	RATIONALE	ACHIEVEMENT
Health & Safety	TRIFR	30%	STI criteria is payable 100% in cash, with 30% for KMP's subject to a deferred payment term which includes 15% deferred until 12 months after vesting and the remaining 15% deferred until 24 months after vesting.	The Board regularly reviews the Company's safety performance in detail and strives to achieve a 'zero harm' workplace at DDH1. TRIFR measures progress towards this goal.	Above target with 80% vesting
Financial (Group)	Operating Proforma EBITDA	70%		This reflects the Company's financial performance against the budget for the year ended 30 June 2023.	Below target with 0% vesting

Outcome of FY23 STI Plan

EXECUTIVE	MAX FY23 STI AVAILABLE	% VESTED	% FORFEITED	STI ACHIEVED
Sy Van Dyk (Managing Director)	$270,000	24%	76%	$64,800
Ben MacKinnon (Chief Financial Officer – resigned 20 Jan 2023)	$150,000	0%	100%	$0

In FY23, the above executives achieved the threshold for TRIFR. The target Operating Pro Forma EBITDA was not met. The performance of these measures resulted in 24% of the Executives STI vesting. As Ben MacKinnon resigned during the period, this resulted in his STI being forfeited under the plan rules.

70% of the FY23 STI achieved will be paid in cash in September 2023, with the remaining 30% deferred with two equal cash payments 12 and 24 months after vesting. The Board has resolved that if the Scheme of Arrangement with Perenti Group is approved, then the remaining deferred component will be lifted and paid out in October 2023.

Remuneration Report (Audited)

4.2.2 Outcome of FY22 STI Plan

EXECUTIVE	MAX FY22 STI AVAILABLE	% VESTED	% FORFEITED	STI ACHIEVED
Sy Van Dyk (Managing Director)	$270,000	66%	34%	$178,982
Ben MacKinnon (Chief Financial Officer – resigned 20 Jan 2023)	$150,000	66%	34%	$99,434

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

70% of STI achieved was paid in cash in September 2022, with the remaining 30% deferred. 15% was paid to Mr Van Dyk in July 2023, (12 months after vesting) and the remaining 15% will be paid 24 months after vesting (July 2024).

As Mr Mackinnon resigned during the period, the 30% deferred payments for the FY22 STI Plan and 15% deferred from the FY21 STI Plan have been forfeited.

4.2.3 FY23 LTI Plan

Outcome of FY23 LTI Plan

CRITERIA	KPI	WEIGHT	RATIONALE	PERFORMANCE PERIOD
Value Creation (Group)	CAGR in TSR of 15% to 25% over the performance period (**TSR Hurdle**)	30%	To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained Group performance over the long term. It also rewards executives who have contributed to the Company's value creation, and supports the retention and attraction of executives.	The grant of Performance Rights during the year is subject to a performance period commencing 1 July 2022 to 30 June 2025.
Financial (Group)	CAGR in EPS of 7.5% to 20% over the performance period (**EPS Hurdle)**	70%		

Remuneration Report (Audited)

4.2.4 Outcome of FY22 LTI Plan

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

4.2.5 Fair Value of LTI issued

On 4 November 2022, Mr Van Dyk was issued 104,734 Performance Rights subject to the TSR Hurdle, which had a fair value of $30,373 and 244,378 Performance Rights subject to the EPS Hurdle, which had a total fair value of $171,065.

On 23 September 2022, Mr MacKinnon was issued 53,255 Performance Rights subject to the TSR Hurdle, which had a fair value of $14,379 and 124,260 Performance Rights subject to the EPS Hurdle, which had a total fair value of $83,254. These were forfeited following Mr MacKinnon's resignation.

The vesting date for all the Performance Rights detailed above is 31 August 2025. If conditions are met, and the Performance Rights are issued, the expiration date is ten years after the granting date. Thus, if issued, the expiry date for the Performance Rights will be 31 August 2035.

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

The inputs into the models were as follows:

INPUT	CEO	EXECUTIVE
Grant date	4 November 2022	23 September 2022
Share Price	$0.835	$0.798
Exercise Price	Nil (as per plan rules)	Nil (as per plan rules)
Expected Volatility	45%	45%
Expected Life (years)	2.94 years	2.82 years
Risk Free Rate	3.35%	3.63%
Expected Dividend Yield	6.0%	6.0%

VALUATION	CEO	EXECUTIVE
EPS Hurdle	$0.70	$0.67
TSR Hurdle	$0.29	$0.27

Remuneration Report (Audited)

4.3 Performance against KPIs

The below table outlines the proportion of maximum incentive opportunity that was earned (i.e. awarded following testing), forfeited (i.e. not awarded following testing), and deferred (to be tested in FY24 and FY25) in relation to the FY23 LTI Plan.

FY23 STI and LTI outcomes

	STI CASH				LTI (PERFORMANCE RIGHTS)			
EXECUTIVE	MAXIMUM STI ($)	STI EARNED IN FY23 ($)	FY23 STI DEFERRED ($)	STI FORFEITED IN FY23 ($)	MAXIMUM LTI (1) ($)	LTI TESTED AND EARNED IN FY23 ($)	LTI TESTED AND FORFEITED IN FY23 ($)	LTI TO BE TESTED ACROSS FY23, FY24 & FY25 ($)
Sy Van Dyk	270,000	45,360	19,440	205,200	201,438	-	-	201,438
Ben MacKinnon (2)	150,000	-	-	150,000	97,633	-	97,633	-

1 LTI – Maximum value represents the face value ($0.84 and $0.80 per share) of Performance Rights granted during the reporting period.

2 Mr MacKinnon resigned on 20 January 2023. Accordingly, all STI and LTI amounts (including FY22 and FY21 deferred payments) have been forfeited. No amounts for the FY23 LTI and STI plans have been recognised.

FY22 STI and LTI outcomes

	STI CASH				LTI (PERFORMANCE RIGHTS)			
EXECUTIVE	MAXIMUM STI ($)	STI EARNED IN FY22 ($)	FY22 STI DEFERRED ($)	STI FORFEITED IN FY22 ($)	MAXIMUM LTI (2) ($)	LTI TESTED AND EARNED IN FY23 ($)	LTI TESTED AND FORFEITED IN FY22 ($)	LTI TO BE TESTED ACROSS FY22, FY23 & FY24 ($)
Sy Van Dyk	270,000	125,287	53,695	91,018	243,410	-	-	243,410
Ben MacKinnon (1)	150,000	69,604	29,830	50,566	153,546	-	-	153,546

1 Mr MacKinnon resigned on 20 January 2023. Accordingly, all STI and LTI amounts (including FY22 and FY21 deferred payments) have been forfeited.

2 LTI – Max value represents the face value ($1.18 and $1.19 per share) of Performance Rights granted during FY22

Remuneration Report (Audited)

4.4 Statutory executive remuneration

The following table sets out total remuneration for Executives in FY23 and FY22, calculated in accordance with statutory accounting requirements. The compensation detailed below was in respect to their roles within the Group during the reporting period.

Statutory Executive KMP remuneration:

YEAR ENDED 30 JUNE 2023	SHORT TERM EMPLOYEE BENEFITS				POST – EMPLOYMENT BENEFITS			SHARE BASED PAYMENTS		
EXECUTIVE	SALARY & FEES	ANNUAL LEAVE (1)	SHORT TERM INCENTIVE (2)	NON-MONETARY	SUPER-ANNUATION	OTHER LONG-TERM BENEFITS (1)	TERMINATION BENEFITS	LONG TERM EQUITY INCENTIVES	TOTAL	% OF REMUNERATION PERFORMANCE RELATED
Sy Van Dyk	$551,863	$56,099	$100,557	$1,440	$25,292	-	-	$168,562	$903,813	33%
Simon Franich[4]	$64,110	$5,427	-	$199	$6,732	-	-	-	$76,468	0%
Ben MacKinnon [3]	$194,247	$5,816	-	$620	$20,674	-	-	$(69,328) (2)	$152,028	(46%)

1 Relates to the Executives' entitlements for annual and long service leave

2 Short term incentive includes 70% from the FY23 STI Plan as well as deferred amounts for FY21 (15%) and FY22 (15%) STI Plans

3 Mr MacKinnon resigned as CFO on 20 January 2023 resulting in a forfeit of FY21 and FY22 LTI plans. No amounts for the FY23 LTI and STI plans have been recognised. Forfeit of it LTI's has resulted in a negative expense in FY23, as it was previously recognised in previous reporting periods.

4 Mr Franich was appointed as CFO on 26 April 2023

YEAR ENDED 30 JUNE 2022	SHORT TERM EMPLOYEE BENEFITS				POST – EMPLOYMENT BENEFITS			SHARE BASED PAYMENTS		
EXECUTIVE	SALARY & FEES	ANNUAL LEAVE (1)	SHORT TERM INCENTIVE (2)	NON-MONETARY	SUPER-ANNUATION	OTHER LONG-TERM BENEFITS (1)	TERMINATION BENEFITS	LONG TERM EQUITY INCENTIVES	TOTAL	% OF REMUNERATION PERFORMANCE RELATED
Sy Van Dyk	$450,000	$1,275	$153,637	$1,440	$23,568	-	-	$97,616	$727,536	35%
Ben MacKinnon	$332,356	$14,571	$80,104	$1,120	$23,568	-	-	$59,128	$510,847	27%

1 Relates to the Executives' entitlements for annual and long service leave

2 Short term incentive includes deferred amounts for Executives received for the FY21 STI Plan (15%), as well as 70% of their entitlements of the FY22 STI Plan

Remuneration Report (Audited)

5. Executive Contracts

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

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

Remuneration Report (Audited)

6. Non-Executive Director Remuneration for FY23

Non-Executive Director Remuneration Policy

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

Non-Executive Directors' Remuneration Structure and Fee Pool

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

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

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

BOARD FEES	FY23	FY22
Chairperson	$154,500	$150,000
Non-Executive Directors	$103,000	$100,000

COMMITTEE FEES	FY23	FY22
Committee Chair	$10,300	$10,000
Committee Member	$5,150	$5,000

Remuneration Report (Audited)

Non-Executive Director Remunerations Outcomes for FY23

The remuneration of Non-Executive Directors for the year ended 30 June 2023 and the comparative 30 June 2022 period is detailed in the tables below.

Statutory Non-Executive Director Remuneration

YEAR ENDED 30 JUNE 2023	SHORT TERM EMPLOYEE BENEFITS	POST EMPLOYMENT BENEFITS	
NON-EXECUTIVE DIRECTOR	FEES	SUPERANNUATION	TOTAL
Diane Smith-Gander – Chairperson (1)	$159,650	-	$159,650
Alan Broome (2)	$118,450	-	$118,450
Andrea Sutton	$111,855	$11,745	$123,600
Byron Beath (3)	$108,150	-	$108,150
Murray Pollock	$107,195	$11,255	$118,450

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

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

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

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

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

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

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

Remuneration Report (Audited)

7. Additional Disclosures Relating To Security Holdings

Executive allocated, vested or lapsed securities

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

NUMBER GRANTED							
EXECUTIVE	GRANT DATE	INSTRUMENT	NUMBER GRANTED	% VESTED IN FY23	% FORFEITED IN FY23	VESTING DATE	FAIR VALUE OF SHARES / RIGHTS AT THE GRANT DATE
Sy Van Dyk	4 Mar 2021	Performance Rights	204,545	-	-	30 June 2023 (1)	$172,431
Sy Van Dyk	18 November 2021	Performance Rights	204,545	-	-	31 August 2024	$176,319
Sy Van Dyk	4 November 2022	Performance Rights	349,112	-	-	31 August 2025	$201,437
Ben MacKinnon	4 Mar 2021	Performance Rights	113,636	-	100%	30 June 2023	-
Ben MacKinnon	8 November 2021	Performance Rights	136,364	-	100%	31 August 2024	-
Ben MacKinnon	23 September 2022	Performance Rights	177,515	-	100%	31 August 2024	-

1 On 26 June 2023, the Company announced to the ASX and Company Shareholders it had entered into a Scheme of Arrangement (**SIA**) with Perenti Limited (**Perenti**) under which Perenti would acquire 100% of shares in the Company (**Scheme**), subject to Shareholder approval. As a result of entering into the SIA, the Board on 28 July 2023, approved and exercised their discretion in accordance with clause 19.1 of the DDH1 Long Term Investment Plan and determined that all performance rights will vest and become immediately exercisable subject to the Scheme approval by shareholders and that the relevant number of shares be issued to the relevant executives and employees upon conversion, with shares in the Company to be issued after Shareholders have approved the Scheme at the Scheme Meeting on 18 September 2023.

If the Scheme does not proceed, then all of the Performance Rights on issue will be assessed in line with their original terms and conditions.

Remuneration Report (Audited)

Performance Rights held by executives at 30 June 2023

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

EXECUTIVE	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING YEAR	EXERCISED DURING YEAR	LAPSED DURING YEAR	BALANCE AT END OF YEAR	EXERCISABLE	NON-EXERCISABLE
Sy Van Dyk	409,090	349,112	-	-	758,202	-	758,202
Ben MacKinnon (1)	250,000	177,515	-	(427,515)	-	-	-

1 Mr MacKinnon resigned on 20 January 2023. As a result, all Performance Rights he held have lapsed.

Shareholdings held by KMPs at 30 June 2023

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

EXECUTIVE & DIRECTORS	BALANCE AT BEGINNING OF YEAR (1)	ISSUED ON EXERCISE OF RIGHTS DURING THE YEAR	PURCHASE OF SHARES	SALE OF SHARES	BALANCE AT END OF YEAR
Sy Van Dyk	4,966,795	-	-	-	4,966,795
Simon Franich	909	-	-	-	909
Diane Smith-Gander	147,629	-	-	-	147,629
Alan Broome	45,455	-	-	-	45,455
Murray Pollock	47,419,961	-	-	-	47,419,961
Andrea Sutton	95,455	-	-	-	95,455

1 Mr MacKinnon had an opening balance of 1,104,896 shares. As he resigned during the year, he ceased to be a KMP at the end of the year and therefore not included in the shareholdings table. There was no movement in Mr MacKinnon's shareholding up to the date of his resignation.

Remuneration Report (Audited)

8. Loans To Key Management Personnel and Their Related Parties

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

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

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

On 9 March 2021, the Plan Shares vested and were converted into ordinary fully paid shares in DDH1 Limited as part of the corporate restructuring and are subject to the terms of an Escrow Deed (of which the periods of have now passed). The non-recourse loan continues to remain in place over these ordinary shares. Two members of the Executive held Plan Shares. Mr Van Dyk held 4,625,000 Plan Shares and Mr MacKinnon held 1,104,896 Plan Shares. On 9 March 2021, these Plan Shares converted to ordinary shares. If the ordinary shares issued in respect to the Plan Shares are sold on market, then the loan must be repaid immediately out of share sale proceeds.

The Management Equity Plan is no longer in existence, as all Plan Shares have been converted to ordinary shares and the Management Equity Plan has been replaced by the Long-Term Incentive Plan. Accordingly, there is currently an outstanding non-recourse loan for the 4,625,000 shares issued to Mr Van Dyk and 1,104,896 shares issued to Mr MacKinnon. The value of the loans associated with the Executives is 36.43 cents per share.

The non-recourse loans are payable on the sale of these shares or at 10 years from the date that their M Class shares were issued.

If the Scheme of Arrangement with Perenti Group is approved, the non-recourse loans will be transferred to the Perenti Group.

9. Other Transaction Balances With Key Management Personnel and Their Related Parties

Outside of the information provided in the above sections, there were no other transactions with KMPs and/or their related parties during the year ended 30 June 2023 or the comparative period ended 30 June 2022.

This concludes the Remuneration Report.

Directors' Report

Indemnity of Officers and Auditors

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

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

Proceedings on behalf of the Company

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

Non-Audit services

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

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

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

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

Rounding off of amounts

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

Auditor's independence declaration

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

Approval of Directors' Report

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

Diane Smith-Gander. AO
Chairperson
Dated this 29th day of August 2023

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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29 August 2023

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

Dear Board Members

Auditor's Independence Declaration to DDH1 Limited

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

As lead audit partner for the audit of the financial report of DDH1 Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	30 June 2023 $000s	30 June 2022 $000s
Revenue	4	550,447	415,377
Other income	4	12,488	8,427
Other gains and (losses)	4	2,142	(2,300)
Administrative expenses	5	(16,198)	(10,955)
Drilling consumables		(55,676)	(42,799)
Employee and contract labour expenses	5	(266,508)	(191,182)
Fuel and oil expenses		(10,887)	(10,162)
Freight and couriers		(7,149)	(6,105)
Hire of plant		(15,815)	(14,614)
Service and repair expenses		(42,149)	(31,892)
Travel expenses		(22,220)	(15,242)
Transaction expenses	34(b)	(876)	-
Business combination expenses	36	-	(3,820)
Engineering consumables and parts expenses		(4,950)	(1,097)
Other expenses		(4,174)	(2,854)
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")		**118,475**	**90,782**
Depreciation expense	5	(49,968)	(29,956)
Amortisation expense	5	(11,119)	(5,808)
Earnings Before Interest and Tax ("EBIT")		**57,387**	**55,018**
Interest income		129	7
Finance costs	5	(2,910)	(1,651)
Profit before tax		**54,606**	**53,374**
Income tax expense	18	(12,082)	(17,515)
Profit for the year		**42,524**	**35,859**
Other comprehensive income, net of income tax			
Exchange differences on foreign controlled entities	23(b)	**779**	**818**
Total comprehensive income for the year		**43,303**	**36,677**
Profit attributable to owners of the parent		**43,303**	**36,677**
Total comprehensive income attributable to owners of the parent		**43,303**	**36,677**
Earnings per share			
Basic (cents per share)	20	10.51	9.77
Diluted (cents per share)	20	10.44	9.72

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position
As at 30 June 2023

	Note	30 June 2023 $000s	30 June 2022 $000s
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	25,088	17,941
Trade and other receivables	7	89,647	93,563
Inventories	8	57,768	55,849
Current tax asset		1,487	5,944
Other current assets	9	2,334	1,791
TOTAL CURRENT ASSETS		**176,324**	**175,088**
NON-CURRENT ASSETS			
Financial assets	10	807	2,462
Intangible assets	11	49,245	59,252
Property, plant and equipment	12	245,956	223,290
Right of use assets	13	12,468	13,693
TOTAL NON-CURRENT ASSETS		**308,476**	**298,698**
TOTAL ASSETS		**484,800**	**473,786**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	52,865	51,091
Lease liabilities	15	4,190	4,321
Provisions	17	19,427	20,076
TOTAL CURRENT LIABILITIES		**76,482**	**75,488**
NON-CURRENT LIABILITIES			
Lease liabilities	15	11,594	14,975
Borrowings	16	30,000	30,000
Provisions	17	1,053	626
Deferred tax liabilities	19	24,668	10,685
TOTAL NON-CURRENT LIABILITIES		**67,315**	**56,286**
TOTAL LIABILITIES		**143,797**	**131,774**
NET ASSETS		**341,003**	**342,012**
EQUITY			
Issued capital	21	444,574	464,543
Group reorganisation reserve	22	(266,574)	(266,574)
Share based payment reserve	23(a)	3,585	3,706
Foreign currency translation reserve	23(b)	1,597	818
Retained earnings	24	157,821	139,519
TOTAL EQUITY		**341,003**	**342,012**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2023

	Note	Issued Capital $000s	Group Reorganisation Reserve $000s	Share Based Payment Reserve $000s	Foreign Currency Reserve $000s	Retained Earnings $000s	Total Equity $000s
Balance as at 1 July 2021		**375,025**	**(266,574)**	**3,837**	**-**	**121,399**	**233,687**
Profit for the year		-	-	-	-	35,859	**35,859**
Other comprehensive income for the year		-	-	-	818	-	**818**
Total comprehensive income for the year		**-**	**-**	**-**	**818**	**35,859**	**36,677**
Dividends paid	25	-	-	-	-	(17,739)	**(17,739)**
Share capital issued as part of acquisition of subsidiary	36	88,152	-	-	-	-	**88,152**
Proceeds received for treasury shares	21	868	-	-	-	-	**868**
Transfer of share based payment reserve to issued capital	21	498	-	(498)	-	-	**-**
Share based payment expense	23/30	-	-	367	-	-	**367**
As at 30 June 2022		**464,543**	**(266,574)**	**3,706**	**818**	**139,519**	**342,012**
Balance as at 1 July 2022		**464,543**	**(266,574)**	**3,706**	**818**	**139,519**	**342,012**
Profit for the year		-	-	-	-	42,524	**42,524**
Other comprehensive income for the year	23(b)	-	-	-	779	-	**779**
Total comprehensive income for the year		**-**	**-**	**-**	**779**	**42,524**	**43,303**
Dividends paid	25	-	-	-	-	(24,222)	**(24,222)**
Proceeds received for treasury shares	21	1,010	-	-	-	-	**1,010**
Transfer of share based payment reserve to issued capital	21	681	-	(681)	-	-	**-**
Share buy-back	21	(21,660)	-	-	-	-	**(21,660)**
Share based payment expense	23/30	-	-	560	-	-	**560**
As at 30 June 2023		**444,574**	**(266,574)**	**3,585**	**1,597**	**157,821**	**341,003**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 June 2023

	Note	30 June 2023 $000s	30 June 2022 $000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		621,896	447,566
Payments to suppliers and employees		(503,833)	(362,765)
Finance costs		(2,910)	(1,651)
Interest received		129	7
Income tax received		7,794	979
Net cash generated by operating activities	6(b)	**123,076**	**84,136**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,505	485
Payments for property, plant and equipment		(70,040)	(61,550)
Payments for intangibles	11	(1,211)	(587)
Proceeds from sale of financial assets	10	2,050	-
Cash acquired on business combination	36	-	4,994
Payment of acquisition costs	36	-	(3,820)
Net cash used in investing activities		**(66,696)**	**(60,478)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from treasury shares		1,010	868
Principal payments for lease liabilities		(4,663)	(3,594)
Share buy-back	21	(21,660)	-
Proceeds of borrowings		15,000	-
Repayment of borrowings		(15,000)	-
Dividends paid	25	(24,222)	(17,739)
Net cash used in financing activities		**(49,535)**	**(20,465)**
Net increase in cash and cash equivalents		6,845	3,193
Cash and cash equivalents at beginning of the year		17,941	14,591
Effect of foreign exchange rate changes		302	157
Cash and cash equivalents at the end of the year	6(a)	**25,088**	**17,941**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

1. General Information

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

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

Summary of significant accounting policies

1.1 Statement of compliance

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

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

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

1.2 Basis of preparation

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

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

1.3 Rounding off of amounts

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

1.4 Basis of consolidation

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

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The total comprehensive income of subsidiaries is attributed to the owners of the Company. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements (continued)

1.4 Basis of consolidation (continued)

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

1.4 Business combinations (continued)

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

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

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

1.5 Goodwill

Goodwill is initially recognised and measured as set out above.

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

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

1.6 Revenue recognition

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

Notes to the Consolidated Financial Statements (continued)

1.6 Revenue recognition (continued)

Revenue is recognised for the major business activities as follows:

(i) Drilling revenue

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

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

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

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

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

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

(ii) Engineering sales

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

(iii) Financing components

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

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

1.7 Leases

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

Notes to the Consolidated Financial Statements (continued)

1.7 Leases (continued)

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

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

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

1.8 Foreign currencies

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

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

1.9 Borrowing costs

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

1.10 Employee benefits

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

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

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

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

1.11 Income taxes

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group in Australia. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is DDH1 Limited, which is also the ultimate head of the Group.

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

Current tax liabilities of the members of the tax-consolidation group are recognised by the Company (as the head entity in the tax consolidation group). The Company and each member of the tax-consolidation group have entered into a tax funding arrangement, in terms of which the Company and its subsidiary in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Income tax expense represents the sum of the tax currently payable and deferred tax.

Notes to the Consolidated Financial Statements (continued)

1.11 Income taxes (continued)

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the year

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

1.12 Property, plant and equipment

Recognition and measurement

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

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

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

Notes to the Consolidated Financial Statements (continued)

1.12 Property, plant and equipment (continued)

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

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

Depreciation

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

1.13 Intangibles

Intangible assets acquired separately

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

Internally generated intangible assets - research and development expenditure

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

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

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

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

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

Customer relationships

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

Notes to the Consolidated Financial Statements (continued)

1.14 Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

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

1.15 Inventories

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

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

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

1.16 Financial instruments

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

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

Notes to the Consolidated Financial Statements (continued)

1.16 Financial instruments (continued)

Financial assets

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

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

Classification of financial assets

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

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

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

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

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

(i) Amortised cost and effective interest method

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

1.16 Financial instruments (continued)

Financial assets (continued)

(ii) Financial assets at FVTPL

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

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

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

Impairment of financial assets

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

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

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

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

(i) Definition of default

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

(ii) Write-off policy

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

Notes to the Consolidated Financial Statements (continued)

1.16 Financial instruments (continued)

Financial assets (continued)

(iii) Measurement and recognition of expected credit losses

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

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

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

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

Derecognition of financial assets

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

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

Classification as debt or equity

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

Equity instruments

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

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

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

Financial liabilities at FVTPL

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

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Notes to the Consolidated Financial Statements (continued)

1.16 Financial instruments (continued)

Financial liabilities (continued)

The Group does not have any hedging activities in the years presented. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Financial liabilities measured subsequently at amortised cost

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

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

Derecognition of financial liabilities

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

1.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

1.18 Share-based payment arrangements

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

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

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

Notes to the Consolidated Financial Statements (continued)

1.18 Share-based payment arrangements (continued)

award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

1.19 Foreign currency translation reserve

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

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

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

1.20 Goods and service tax

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

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

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

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

1.22 Application of new and revised accounting standards

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022. None of the new standards and interpretation had a material impact on the Group.

Notes to the Consolidated Financial Statements (continued)

1.23 Standards and interpretations issued but not yet adopted

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

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*, AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* and AASB 2022-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2023 and 1 January 2025
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*	1 January 2024
AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*	1 January 2024

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

2. Critical Accounting Judgements and Key Sources Of Estimation Uncertainty

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

Useful life of customer relationships

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

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

Notes to the Consolidated Financial Statements (continued)

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

Impairment testing

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

Useful life of property, plant and equipment

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

Calculation of loss allowance

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

Right of use asset and lease liabilities

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

Income tax

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

Share based payments

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

Notes to the Consolidated Financial Statements (continued)

3. Segment Information

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

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

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

Segment revenues and results

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

2023	**Drilling Operations $000s**	**Engineering Operations $000s**	**Eliminations $000s**	**Consolidated $000s**
Revenue				
External sales	544,100	6,347	-	550,447
Intersegment sales	-	-	-	-
Total revenue	**544,100**	**6,347**	**-**	**550,447**
Result				
EBITDA	**124,400**	**(252)**	**-**	**124,148**
Corporate administration costs				(4,798)
Transaction expenses				(876)
Depreciation				(49,968)
Amortisation				(11,119)
Finance income				129
Finance costs				(2,910)
Income tax expense				(12,082)
Profit for the year before tax				**42,524**

Notes to the Consolidated Financial Statements (continued)

3. Segment information (continued)

Total assets	484,488	841	(529)	484,800
Total liabilities	(144,013)	(313)	529	(143,797)
Total net assets	**340,475**	**528**	**-**	**341,003**

2022	**Drilling Operations $000s**	**Engineering Operations $000s**	**Eliminations $000s**	**Consolidated $000s**
Revenue				
External sales	413,954	1,422	-	415,377
Intersegment sales	-	-	-	-
Total revenue	**413,954**	**1,422**	**-**	**415,377**
Result				
EBITDA	**99,967**	**(32)**	**-**	**99,935**
Corporate administration costs				(5,333)
Business combination expenses				(3,820)
Depreciation				(29,956)
Amortisation				(5,808)
Finance income				7
Finance costs				(1,651)
Income tax expense				(17,515)
Profit for the year before tax				**35,859**
Total assets	473,640	339	(193)	473,786
Total liabilities	(131,800)	(167)	193	(131,774)
Total net assets	**341,840**	**172**	**-**	**342,012**

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

Notes to the Consolidated Financial Statements (continued)

3. Segment information (continued)

Geographical information

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

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

	Revenue from external customers		**Non-current assets**	
	2023 $000's	**2022 $000's**	**2023 $000's**	**2022 $000's**
Australia	495,523	395,384	288,555	279,905
North America	38,891	14,800	12,287	13,957
Europe	16,033	5,193	7,634	4,836
Total	**550,447**	**415,377**	**308,476**	**298,698**

Information about major customers

Included in external sales of $550.4 million (2022: $415.3 million) are revenues of $163.8 million (2022: $66.9 million) which arose from sales to the Group's two (2022: one) largest customers. No other single customer contributed 10% or more to the Group's revenue for 2023 or 2022. The Group performs services for these clients within Australia and North America. Both of these customers sit in the Drilling Operations Segment.

Notes to the Consolidated Financial Statements (continued)

4. Revenue

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

	Note	30 June 2023 $000s	30 June 2022 $000s
Revenue			
Revenue from the rendering of drilling services over time		544,100	413,954
Revenue from engineering sales		6,347	1,423
Total revenue from continuing operations		**550,447**	**415,377**
Other income			
Diesel fuel rebate		2,653	1,179
Training booster incentive		9,324	6,689
Other income		511	559
		12,488	**8,427**
Other gains and losses			
Net foreign exchange gains / (losses)		551	(649)
Net fair value gains / (losses) on financial assets		(5)	(1,850)
Gain on disposal of property, plant and equipment		1,596	199
Other gains and losses from continuing operations		**2,142**	**(2,300)**

Disaggregation of drilling services revenue from contracts with customers

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

	Note	30 June 2023 $000s	30 June 2022 $000s
Commodity			
Gold		211,588	164,793
Gold / Copper		64,761	36,337
Copper		107,247	91,343
Nickel		49,970	42,289
Iron Ore		58,095	56,560
Zinc		13,422	7,842
Lithium		15,516	2,282
Other		23,501	12,508
		544,100	**413,954**
Drilling type			
Surface drilling		325,955	324,669
Underground drilling		218,145	89,285
		544,100	**413,954**

Notes to the Consolidated Financial Statements (continued)

5. Expenses

Profit before income tax includes the following specific expenses:

	Note	30 June 2023 $000s	30 June 2022 $000s
Finance costs consists of:			
Interest on term loan facility		(1,827)	(302)
Interest expense on lease liabilities		(439)	(367)
Other finance costs		(644)	(982)
Total finance costs		**(2,910)**	**(1,651)**
Administrative expenses consists of:			
Advertising expenses		(882)	(378)
Insurance expenses		(9,446)	(5,909)
Legal and consultancy fees		(2,133)	(1,503)
Computer and telecommunication expenses		(2,568)	(1,779)
Other Administrative expenses		(1,169)	(1,386)
Total Administrative expenses		**(16,198)**	**(10,955)**
Depreciation expense consists of:			
Depreciation on property plant and equipment	12	(47,593)	(28,819)
Depreciation on right of use asset	13	(2,375)	(1,137)
Total depreciation expense		**(49,968)**	**(29,956)**
Amortisation expense consists of:			
Amortisation of customer relationships	11	(10,683)	(5,586)
Amortisation of development assets	11	(436)	(222)
Total amortisation expense		**(11,119)**	**(5,808)**
Employee and contract labour expense consists of:			
Directors Fees		(606)	(566)
Salary and wages including bonuses as well as sick, annual and long service leave		(210,262)	(161,255)
Superannuation expense		(17,417)	(11,804)
Share-based payment – Long term incentive plan	23 / 30	(560)	(367)
Other	(a)	(37,663)	(17,190)
Total		**(266,508)**	**(191,182)**

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

Notes to the Consolidated Financial Statements (continued)

6. Cash and Cash Equivalents

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

	30 June 2023 $000s	30 June 2022 $000s
6(a) Cash at bank and on hand		
Petty cash	1	1
Cash at bank	25,087	17,940
Net cash at bank	**25,088**	**17,941**

The carrying amount of these assets is approximately equal to their fair value. Cash at bank represents amounts held in the Group's trading accounts. Interest is payable on closing balances at 0.0% (FY22: 0.0%)

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

	30 June 2023 $000s	30 June 2022 $000s
Profit for the period after income tax	**42,524**	**35,859**
Non-cash items in profit or loss:		
Shares received as compensation	(401)	(150)
Depreciation of non-current assets	49,968	29,956
Amortisation of non-current assets	11,119	5,808
Net gains on disposal of plant and equipment	(1,596)	(199)
Share-based payment expense	560	367
Foreign currency loss	(551)	649
Impairment of trade receivables	-	736
Non-cash loss on financial asset	5	1,850
Change in assets and liabilities:		
(Increase) / decrease in inventories	(1,919)	(3,183)
(Increase) / decrease in current receivables	3,916	(14,720)
(Increase) / decrease in other assets	(543)	713
Increase / (decrease) in trade and other payables	1,774	2,653
Increase / (decrease) in current taxes	4,458	1,796
Increase / (decrease) in deferred taxes	13,983	17,478
Increase / (decrease) in provisions	(222)	4,523
Net cash from operating activities	**123,075**	**84,136**

Notes to the Consolidated Financial Statements (continued)

6. Cash and Cash Equivalents (continued)

Non-cash transactions:

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

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

Reconciliation of liabilities arising from financing activities

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

			Non-Cash		
	Balance at 30 June 2022 $000s	**Financing cash flows $000s**	**Additions from acquisition of subsidiary $000s**	**Additions to lease liabilities $000s**	**Balance at 30 June 2023 $000s**
Borrowings	30,000	-	-	-	30,000
Lease liabilities	19,297	(5,893)	-	2,380	15,784
	49,297	**(5,893)**	**-**	**2,380**	**45,784**

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

Notes to the Consolidated Financial Statements (continued)

7. Trade and Other Receivables

	Note	30 June 2023 $000s	30 June 2022 $000s
Current			
Trade receivables		88,791	93,806
Loss allowance		(805)	(805)
		87,986	**93,001**
Other debtors		1,661	562
		89,647	**93,563**

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

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

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

At the date of signing, one debtor was considered uncollectable and as such fully provided for by the Group ($755k). This is included within the total ECL.

Credit risk and ageing of trade receivables

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

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

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

	30 June 2023 $000s	30 June 2022 $000s
Current	70,926	60,477
One to three months	16,256	31,181
Three to six months	804	1,343
	87,986	**93,001**

Notes to the Consolidated Financial Statements (continued)

8. Inventories

	Note	30 June 2023 $000s	30 June 2022 $000s
Current			
Consumable stores		57,768	55,849
		57,768	**55,849**

The Group maintains an inventory of drilling parts and spares for use in the rendering of drilling services. Inventory is measured at the lower of cost and net realisable value. An ongoing review is conducted in order to ascertain whether items are obsolete or damaged, and if so determined, the carrying amount of the item is written down to its net realisable value. There were no such write-downs for the year ended 30 June 2023 (30 June 2022: Nil).

The cost of inventories recognised as a consumable expense during the year in respect of continuing operations was $55,676k at 30 June 2023 (30 June 2022: $42,799k).

9. Other assets

	30 June 2023 $000s	30 June 2022 $000s
Current		
Prepayments	2,328	1,785
Rental bond	6	6
	2,334	**1,791**

10. Financial assets

	30 June 2023 $000s	30 June 2022 $000s
Financial assets fair valued through OCI		
Unit Trust investment	-	2,050
Financial assets fair valued through Profit or loss		
Equity investments	2,727	2,332
Provision for impairment	(1,920)	(1,920)
	807	412
	807	**2,462**

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

The investments in equity instruments are measured at FVTPL. In the current period, the Group has sold its financial assets classified as FVOCI. No fair value gain or loss has been recognised for this sale as the sales price was deemed fair value on date of purchase as per note 36.

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

Notes to the Consolidated Financial Statements (continued)

10. Financial assets (continued)

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

The Group holds 8 million shares in Wiluna Mining Corporation ("WMC"). Given the significant uncertainty surrounding the administration process of Wiluna, the Group carries these at nil value (2022: nil).

11. Intangibles

	Note	30 June 2023 $000s	30 June 2022 $000s
Customer relationships			
Opening balance		25,278	5,123
Acquired as part of business combination	36	-	25,740
Amortisation expense		(10,683)	(5,585)
		14,495	**25,278**
Goodwill			
Opening balance		27,724	25,381
Acquired as part of business combination	36	-	2,343
		27,724	**27,724**
Development assets			
Opening balance		6,251	-
Acquired as part of business combination	36	-	5,886
Additions		1,211	587
Amortisation expense		(436)	(222)
		7,026	**6,251**
Total intangibles		**49,245**	**59,253**

In the 2018 financial year, customer relationships were initially recognised from the acquisition of Strike Drilling Pty Ltd ("Strike"). These are amortised on a straight-line basis over six years and resulted in amortisation of $918k (2022: $918k) this financial year. Additionally, in the 2019 financial year, customer relationships were recognised as a result of the acquisition of Ranger Exploration Drilling Pty Ltd and Izett Holdings Pty Ltd (both referred to as "Ranger"). These customer relationships are amortised on a straight-line basis over a period of each contract. The contracts ranged from 1 – 4.5 years at the acquisition date. This has resulted in amortisation of $967k (2022: $1,230k) this reporting period. In the 2022 financial year, customer relationships were initially recognised from the acquisition of Swick Mining Services Limited ("Swick"). Swick's Customer contracts and relationships are being amortised in line with the valuation assessment (2 - 5 years), resulting in amortisation of $8,798k (2022: $3,447K) this financial year. The total amortisation expense this year was $10,683k (2022: $5,585k).

Notes to the Consolidated Financial Statements (continued)

11. Intangibles (continued)

The goodwill recognised is in relation to the acquisition of Swick, Ranger and Strike in prior reporting periods. The Comparative has been revised to reflect finalisation of Swick Mining Services' Purchase Price Accounting (refer to note 36 for details). Goodwill is derived from the below values:

	Note	30 June 2023 $000s	30 June 2022 $000s
Goodwill			
Strike		21,623	21,623
Ranger		3,758	3,758
Swick	36	2,343	2,343
		27,724	**27,724**

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

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

The Group performed the annual impairment test of the Swick, Strike and Ranger goodwill in June 2023. In addition, the Group has identified other impairment indicators. As a result, the Group assessed the recoverable amounts of the Strike, Ranger, DDH1 Drilling and Swick CGUs.

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

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

Notes to the Consolidated Financial Statements (continued)

11. Intangibles (continued)

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

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

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

- **Discount Rate**
  The discount rate represents the current market risks, taking into consideration the time value of money and specific risks not incorporated in the cash flow forecasts. The discount rate is assessed by taking into account the expected return on investment by investors, the cost of debt servicing, plus beta factors for industry risks. Management and the Directors have adopted a post tax discount rate of 12.60% (2022: 12.1%) for the DDH1 Drilling, Swick, Strike and Ranger CGUs. An increase of 1% on the discount rate would have the impact of reducing headroom by approximately $22.9m in DDH1 Drilling, $7.6m in Strike, $9.2m in Ranger and $17.4m in Swick, which would not cause impairment to the CGUs. A reasonable possible change in the discount rate is not likely to cause a material impairment.

- **EBITDA Margin**
  The EBITDA margin for DDH1 Drilling, Swick, Strike and Ranger have been assigned at their budget levels for the 2024 financial year which is comparable with levels achieved in FY23, and it has been assumed that these margins will remain constant for the remaining years of the cash flow model. While this is managements' conservative view of the EBITDA profile, a reasonable possible change in margin is not likely to cause a material impairment.

Notes to the Consolidated Financial Statements (continued)

12. Property, Plant and Equipment

	Plant and Equipment $000s	Motor Vehicles $000s	Drill Rigs $000s	Capital WIP $000s	Total $000s
At 1 July 2022					
Cost or fair value	67,853	89,218	335,580	24,743	517,394
Accumulated depreciation	(51,693)	(53,771)	(188,640)	0	(294,104)
Net book amount	**16,160**	**35,447**	**146,940**	**24,743**	**223,290**
Year ended 30 June 2023					
Opening net book amount	16,160	35,447	146,940	24,743	223,290
Additions	3,730	6,530	22,130	38,356	70,746
Transfer between class	11,713	8,408	30,131	(50,252)	-
Disposals	(106)	(761)	(308)	-	(1,175)
Depreciation	(7,224)	(11,696)	(28,673)	-	(47,593)
FX movement	47	86	509	46	688
	24,320	**38,014**	**170,729**	**12,893**	**245,956**
At 30 June 2023					
Cost or fair value	83,413	102,376	385,102	12,893	583,784
Accumulated depreciation	(59,093)	(64,362)	(214,373)	-	(337,828)
Net book amount	**24,320**	**38,014**	**170,729**	**12,893**	**245,956**

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

Notes to the Consolidated Financial Statements (continued)

12. Property, Plant and Equipment (continued)

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

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

13. Right Of Use Assets

	Note	30 June 2023 $000s	30 June 2022 $000s
Opening balance		13,693	4,228
Acquired as part of business combination		-	7,398
Additions		1,150	3,204
Depreciation expense		(2,375)	(1,137)
Closing balance		**12,468**	**13,693**

Right of use assets are a consequence of the leasing of office leases and storage yards. The Group has five leases in place for office leases and storage yards. The lease term ranges on these leases between 2-5 years.

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

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

In addition to the right of use assets, the Group has a number of short-term leases. The amount expensed on short term leases or low value assets during the financial year amounted to $419k (2022: $644k).

Interest expense recognised within finance costs on the above right of use assets totalled $439k (2022: $367k) for the financial year.

Notes to the Consolidated Financial Statements (continued)

14. Trade and Other Payables

	Note	30 June 2023 $000s	30 June 2022 $000s
Current			
Trade creditors		32,919	35,504
Sundry creditors		3,877	1,696
Superannuation payable		1,816	1,056
Goods and services tax payable		4,930	3,492
Payroll tax payable		966	521
Accrued charges		5,439	6,279
Unearned income		595	704
Other payables		2,323	1,839
		52,865	**51,091**

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

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

Notes to the Consolidated Financial Statements (continued)

15. Lease Liabilities

	Note	30 June 2023 $000s	30 June 2022 $000s
Lease Liabilities	(i)	**15,784**	**19,296**
Split as follows:			
Current		4,190	4,321
Non-current		11,594	14,975
Closing balance		**15,784**	**19,296**

(i) Lease liabilities include hire purchase liabilities are secured by a registered charge over the asset. Each has a term of 3 years, with 36 monthly payments and no balloon payment. The applicable interest rate of the hire purchase liabilities is fixed and ranges between 1.90% - 6.25% (2022: 1.90% - 6.25%).

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

Maturity Analysis:

	Note	30 June 2023 $000s	30 June 2022 $000s
Lease liability commitments			
Amounts payable under lease liabilities:			
Within one year		4,197	4,423
In the second to fifth years, inclusive		9,412	12,322
After five years		2,182	2,704
		15,791	**19,449**
Less: future finance charges		(7)	(153)
Present value of lease obligations		**15,784**	**19,296**

<u>Lease liabilities</u>

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

Notes to the Consolidated Financial Statements (continued)

16. Borrowings

	Note	30 June 2023 $000s	30 June 2022 $000s
Secured borrowings at amortised cost			
- Term loan facility		30,000	30,000
Total borrowings		**30,000**	**30,000**
Amount due for settlement within 12 months			
- Term loan facility		-	-
		-	**-**
Amount due for settlement after 12 months		30,000	30,000
		30,000	**30,000**

The Group has a five year multi-option facility for a maximum of $85 million. This facility at 30 June 2023 has $1.6 million assigned to a bank guarantee facility, and the remaining $83.4 million assigned to the term loan facility and overdraft facility. At 30 June 2023, the Group has drawn down $30m of the facility as a term loan that expires in line with the facility (14 February 2027), the remaining facility is available as an overdraft through to the maturity date of the overall facility (14 February 2027). In addition to the $85m multi-option facility, the Group has a $10 million asset finance facility in place. This facility has a term of five years and expires on 14 February 2027.

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

The facility is secured by a general security agreement granted by each Australian subsidiary of the Company as listed in note 31. The asset finance facility liabilities are secured by a registered charge over the assets financed.

Available borrowing facilities

	Note	30 June 2023 $000s	30 June 2022 $000s
Available facilities		95,000	95,000
Borrowings used at balance date		(30,000)	(30,000)
Asset finance used at balance date		(877)	(2,123)
Bank guarantees used at balance date	35	(1,633)	(1,203)
Unused at balance date		**62,490**	**61,674**

Banking covenants

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

Fair values

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

Notes to the Consolidated Financial Statements (continued)

17. Provisions

	Note	30 June 2023 $000s	30 June 2022 $000s
Provision for short-term incentive bonus		1,682	3,085
Provision for annual leave		13,093	15,090
Provision for long service leave		5,705	2,527
Total provisions		**20,480**	**20,702**
Analysis of total provisions:			
Current		19,427	20,076
Non-current		1,053	626
Total provisions		**20,480**	**20,702**

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

18. Income Tax Expense

Income tax expense recognised in profit

	Note	30 June 2023 $000s	30 June 2022 $000s
Income tax expense comprises:			
Current tax	(a)	777	9
Deferred tax		11,305	17,506
		12,082	**17,515**

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

	Note	30 June 2023 $000s	30 June 2022 $000s
Profit before tax from continuing operations		54,606	53,374
Prima facie tax expense on profit from ordinary activities before income tax at 30%		16,381	16,012
- Non-deductible expenses		132	94
- Prior year over/under		(3,692)	36
- Share based payment		168	1,150
- Adjustment for consumables and WIP	(b)	(1,747)	-
- Derecognition of deferred taxes		1,000	-
- Other		265	368
- Effect of foreign tax rate		(425)	(145)
		12,082	**17,515**

Notes to the Consolidated Financial Statements (continued)

18. Income tax expense (continued)

(a) During the year ended 30 June 2023, the Group recognised upfront tax deductions associated with the purchase of certain property, plant and equipment. These upfront tax deductions have resulted in the Group making a taxable loss during the current year, which has resulted in an increased deferred tax asset associated with tax losses and a deferred tax liability associated with property, plant and equipment. These temporary differences are expected to reverse in subsequent periods.

(b) This adjustment relates to the change of treatment of Swick consumables and WIP in the post-acquisition period to 30 June 2022. This resulted in a permanent difference in the current period.

19. Deferred Tax

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

	Note	30 June 2023 $000s	30 June 2022 $000s
The balance comprises temporary differences attributable to:			
Property, plant and equipment		1,717	2,224
Employee benefit provisions		6,545	5,309
Borrowing costs		45	121
Business-related expenses		1,480	2,152
Right of use liabilities		4,746	4,260
Tax losses		15,855	18,261
Other		1,678	2,201
Deferred tax assets		**32,066**	**34,527**
Intangibles		(4,271)	(7,373)
Inventories		(15,106)	(15,605)
Property, plant and equipment		(33,309)	(17,147)
Right of use assets		(2,031)	(3,964)
Other		(2,017)	(1,124)
Deferred tax liabilities		**(56,734)**	**(45,212)**
Net deferred tax liabilities		**(24,668)**	**(10,685)**

Notes to the Consolidated Financial Statements (continued)

19. Deferred tax (continued)

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

	30 June 2023 $000s	30 June 2022 $000s
Movements in the period:		
Opening balance at 1 July	(10,685)	14,413
Initial acquisition adjustments (refer note 36)	-	(7,620)
Credit / (Debit) to the income statement	(12,645)	(17,506)
Derecognition and re-recognition of deferred taxes	(1,000)	-
Adjustment for tax rate movement	-	(3)
Other	(624)	66
Prior year adjustment	286	(35)
Closing balance at 30 June	**(24,668)**	**(10,685)**
Unrecognised deferred tax balances		
Tax losses (revenue in nature)	1,543	543
Tax losses (capital in nature)	-	-
Deductable temporary differences	-	-
Taxable temporary differences	(339)	(339)

20. Earnings Per Share

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

Earnings

	30 June 2023	30 June 2022
Earnings for basic earnings per share being net profit attributable to owners of the Company	43,303	36,677
Earnings for the purposes of dilutive earnings per share	**43,303**	**36,677**
Number of shares		
The weighted average number of ordinary shares for basic earnings per share	**411,968**	**375,556**
Effect of dilutive potential ordinary shares:		
Performance rights	2,807	1,653
The weighted average number of ordinary shares for diluted earnings per share	**414,775**	**377,209**

Notes to the Consolidated Financial Statements (continued)

20. Earnings Per Share (continued)

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

From continuing operations

Basic – cents per share	10.51	9.77
Diluted – cents per share	10.44	9.72

21. Issued capital

Movement in issued capital	**Number of shares No.**	**Share capital $000s**
DDH1 Limited		
Ordinary Shares		
Opening Balance at 1 July 2022	426,759,176	464,543
Share buy-back	(25,665,756)	(21,660)
Conversion of Treasury Shares	-	1,691
Closing Balance at 30 June 2023	**401,093,420**	**444,574**
Less Treasury Shares		
Opening Balance at 1 July 2022	11,476,128	**-**
Conversion to Ordinary Shares	(2,523,504)	-
Closing Balance at 30 June 2023	**8,952,624**	**-**
Balance at 30 June 2023	**392,140,796**	**444,574**

During the period, there has been movement between treasury shares and ordinary shares as a result of the exercise of share-based payments. 2,523,504 treasury shares were converted into ordinary shares via the receipt of $1,010k for the repayment of attached loans. This also incorporates a transfer of share-based payment reserve to issued capital of $681k relative to the treatment of treasury shares on IPO of the group.

Ordinary Shares

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

Treasury Shares

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

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

On 30 June 2022, the Board of Directors of DDH1 approved an on-market share buy-back program of up to 34,280,468 shares, representing approximately 8% of the issued capital of DDH1, over 12 months from 18 July 2022 at no more than 5% above the volume-weighted average price of DDH1 shares over the five trading days prior to the purchase. No additional shares were acquired under the buy-back program post 30 June 2023.

Notes to the Consolidated Financial Statements (continued)

22. Group Reorganisation Reserve

	Note	30 June 2023 $000s	30 June 2022 $000s
Balance at 30 June		266,574	266,574

In 2021, the Company successfully listed on the ASX. As part of this process, a corporate restructure occurred, whereby DDH1 Limited, via its wholly owned subsidiary, acquired 100% of DDH1 Holdings Pty Ltd. As a result of this transaction, the group reorganisation reserve was created. The balance recognised represents the excess of the fair value of the shares issued by DDH1 Limited over the carrying value of the net assets of DDH1 Holdings Pty Ltd as at the date of the listing, which resulted in an uplift of $266,574k.

23. Other Reserves

a) Share-based payment reserve

	Note	30 June 2023 $000s	30 June 2022 $000s
Balance at 1 July		**3,706**	**3,837**
Share based payment expense for LTIP		560	367
Transfer to share capital		(681)	(498)
Balance at 30 June		**3,585**	**3,706**

Long Term Incentive Plan ('LTIP')

During the year, the Group issued performance rights under the LTIP to certain senior employees of the Group. As a result of the issue of these performance rights, a share-based payment expense of $199k (2022: $144k) has been recognised. The remaining share-based payment expense recognised for the period was for performance rights issued prior to 30 June 2022.

b) Foreign currency translation reserve

	Note	30 June 2023 $000s	30 June 2022 $000s
Balance at 1 July		**818**	**-**
Other comprehensive income/(loss)		779	818
Balance at 30 June		**1,597**	**818**

Notes to the Consolidated Financial Statements (continued)

24. Retained earnings

	Note	30 June 2023 $000s	30 June 2022 $000s
Balance at 1 July		**139,519**	**121,399**
Dividends paid	25	(24,222)	(17,739)
Net profit for the year		42,524	35,859
Balance at 30 June		**157,821**	**139,519**

25. Dividends

Amounts recognised as distributions to equity holders in the year:	(a)	(24,222)	(17,739)

Franked dividends

Franking credits available for subsequent reporting periods based on a tax rate of 30.0%	14,879	32,457

During the year, the Group paid two fully franked dividends of 2.65 cents per share totalling $10.9M and 3.33 cents per share totalling $13.3M (2022: $17.7M) On 29 August 2023, the directors declared a fully franked final dividend of 1.96 cents per share to the holders of fully paid ordinary shares in respect of the six months ended 30 June 2023, to be paid to shareholders in September 2023. This final dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $7.9M.

Notes to the Consolidated Financial Statements (continued)

26. Financial Instruments

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

The following table discloses information about:

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

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

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

	Financial assets			Financial liabilities		
	FVTPL	**FVTOCI**	**Amortised cost**	**FVTPL**	**Amortised cost**	**Total**
2023	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
Cash and bank balances	-	-	25,088	-	-	25,088
Trade and other receivables	-	-	89,647	-	-	89,647
Other financial assets	807	-	-	-	-	807
Borrowings	-	-	-	-	30,000	30,000
Trade and other payables	-	-	-	-	52,865	52,865
Lease liabilities	-	-	-	-	15,784	15,784

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

Notes to the Consolidated Financial Statements (continued)

26. Financial Instruments (continued)

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

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

Financial assets carried at fair value through the profit and loss related to listed and non-listed investments are reviewed annually with regard to observable data based on the quoted prices of the instruments held. These are typically measured at Level 1 fair value hierarchy and there are no transfers between levels during the period. At 30 June 2023, listed investments with a carrying value of $653k (2022: $408k) have been measured at Level 1. For financial assets that are non-listed investments, there are measured accordingly to inputs other than quoted prices within Level 1 that are observable for the assets indirectly. The methodology employed in this valuation related to prices the instrument has traded for in a private sale. These are measured at Level 3. At 30 June 2023, financial assets (including the Investment unit trust) with a carrying value of $154k (2022: $154k) have been measured at Level 3.

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

In the current period, the Group has sold its financial assets classified as FVOCI. No fair value gain or loss has been recognised for this sale as the sales price was deemed fair value on date of purchase as per note 36.

(b) Financial risk management objectives

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

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

(c) Market risk

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

Interest rate risk management

The Group is exposed to interest rate risk because the Group had a term loan facility at floating interest rates at 30 June 2023, and the cash and cash equivalents have variable interest rates. All asset finance lease liabilities are fixed. A one percentage point increase/decrease in interest rates would result in a net profit after tax decrease/increase of approximately ($49k) (2022: $123k).

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

Other price risks

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

Equity investments in entities (see Note 10) are held for strategic rather than trading purposes. The Group does not actively trade these investments. A five percentage point increase/decrease in the underlying value of the equity instruments would result in a net profit after tax increase/decrease of approximately $40k (2022: $21k).

Notes to the Consolidated Financial Statements (continued)

27. Financial Instruments (continued)

(d) Credit risk management

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

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

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

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

As at 30 June 2023, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective recognised trade and other receivables (Note 7) and cash and cash equivalents (Note 6) as stated in the consolidated statement of financial position.

(e) Liquidity risk management

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

Notes to the Consolidated Financial Statements (continued)

26. Financial instruments (continued)

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

	Weighted average effective interest rate %	Due in less than one year $000s	Due within one to five years $000s	Total $000s
30 June 2023				
Trade and other payables	Nil	52,865	-	52,865
Borrowings	4.88%	-	30,000	30,000
Lease liabilities	2.69%	4,190	11,594	15,784
30 June 2022				
Trade and other payables	Nil	51,091	-	51,091
Borrowings	3.75%	-	30,000	30,000
Lease liabilities	2.69%	4,321	14,975	19,296

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

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

	Note	30 June 2023 $000s	30 June 2022 $000s
Total borrowings	16	30,000	30,000
Lease liabilities	15	15,784	19,296
Less cash	6	(25,088)	(17,941)
Net debt / (cash)		**20,696**	**31,555**
Total equity		341,003	342,012
Total capital		**361,699**	**373,367**
Gross gearing ratio (gross debt/equity)		13.43%	14.41%
Net gearing ratio (net debt/total capital)		5.72%	8.40%

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

Notes to the Consolidated Financial Statements (continued)

27. Related party transactions

(a) Related parties

The Group's main related parties are as follows:

(i) Entities within the Group

The 100% owned subsidiary companies in the Group are:

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

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

(ii) Key management personnel

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

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

(b) Transactions with related parties

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

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

No balances are outstanding with related parties.

(d) Loans to/from related parties

There are no loans to or from related parties.

(e) Terms and conditions of related party transactions

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

Notes to the Consolidated Financial Statements (continued)

28. Key Management Personnel

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

Diane Smith-Gander, AO	Chairperson and Independent Non-Executive Director
Alan Broome, AM	Independent Non-Executive Director
Andrea Sutton	Independent Non-Executive Director
Murray Pollock	Non-Executive Director
Byron Beath	Non-Executive Director
Sy Van Dyk	Managing Director and CEO
Simon Franich	Chief Financial Officer/Company Secretary (commenced 26 April 2023)
Ben MacKinnon	Chief Financial Officer/Company Secretary (resigned 20 January 2023)

29. Key Management Personnel Compensation

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

	Note	30 June 2023	30 June 2022
Short term employee benefits		1,583,418	1,598,150
Long-term benefits[2]		-	-
Non-monetary benefits[1]		2,259	2,560
Post-employment benefits		75,698	70,930
Share-based payments		99,234	156,744
Total		**1,760,609**	**1,828,384**

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

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

30. Share-Based Payments

Long Term Incentive Plan ("LTIP")

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

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

Notes to the Consolidated Financial Statements (continued)

30. Share-Based Payments (continued)

During the reporting period, a total of 1,591,717 Performance Rights have been issued (including rights to Ben MacKinnon).

These Performance Rights are subject to a performance period that commences on 1 July 2022 and ends on 30 June 2024. The vesting date for all the performance rights detailed above is 31 August 2025. If conditions are met and the Performance Rights are issued, the expiration date is ten years after granting date, being 31 August 2035.

As a result of entering into the SIA, the Board on 28 July 2023, approved and exercised their discretion in accordance with clause 19.1 of the DDH1 Long Term Investment Plan and determined that all Performance Rights will vest and become immediately exercisable subject to the Scheme approval by shareholders and that the relevant number of shares be issued to the relevant executives and employees upon conversion, with shares in the Company to be issued after shareholders have approved the Scheme at the Scheme Meeting on 18 September 2023.

If the Scheme does not proceed, then all of the Performance Rights on issue will be assessed in line with their original terms and conditions.

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

INPUT	CEO	EXECUTIVE
Grant date	4 November 2022	23 September 2022
Share Price	$0.835	$0.798
Exercise Price	Nil (as per plan rules)	Nil (as per plan rules)
Expected Volatility	45%	45%
Expected life (years)	2.94 years	2.82 years
Risk Free Rate	3.35%	3.63%
Expected Dividend Yield	6.0%	6.0%
VALUATION	**CEO**	**EXECUTIVE**
EPS Hurdle	$0.70	$0.67
TSR Hurdle	$0.29	$0.27

A total of $199,365 has been expensed in respect to the Performance Rights issued this financial year (2022: $149,701).

Notes to the Consolidated Financial Statements (continued)

30. Share-Based Payments (continued)

	2023		2022	
	Weighted-average exercise price	**Number of performance rights**	**Weighted-average exercise price**	**Number of performance rights**
As at 1 July	-	2,102,738	-	1,176,362
Granted during the year	-	1,591,717	-	1,062,739
Cancelled during the year	-	(822,595)	-	(136,363)
Outstanding at the end of the year		**2,871,860**		**2,102,738**
Exercisable at 30 June	-	-	-	-

The Performance Rights outstanding at 30 June 2023 had a weighted average exercise price of nil, and a weighted average remaining contractual life of 1.33 years.

31. Subsidiaries

Name of Subsidiary	**Principal Activity**	**Place of Incorporation & Operation**	**Ownership interest and voting power**	
			30 June 2023	**30 June 2022**
DDH1 Group Holdings Pty Ltd	Holding company	Australia	100%	100%
DDH1 Holdings Pty Ltd	Holding company	Australia	100%	100%
DDH1 Midco Pty Ltd	Holding company	Australia	100%	100%
DDH1 Finco Pty Ltd	Holding Company	Australia	100%	100%
DDH1 Drilling Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Strike Drilling Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Ranger Exploration Drilling Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Izett Holdings Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Swick Mining Services Pty Ltd	Holding company	Australia	100%	100%
SMS Operations Pty Ltd	Provision of Drilling Services	Australia	100%	100%
SMS Asset Holdings Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Swick Engineering Pty Ltd	Construction of Drill rigs	Australia	100%	100%
Swick Mining Services (Indonesia) Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Swick Mining Services (Canada) Inc	Provision of Drilling Services	Canada	100%	100%
Swick Mining Services (USA) Inc	Provision of Drilling Services	USA	100%	100%
Swick Drilling Portugal Uniprossal Lda	Provision of Drilling Services	Portugal/Spain	100%	100%
Swick Drilling Europe Ltd	Provision of Drilling Services	United Kingdom	100%	100%

Notes to the Consolidated Financial Statements (continued)

31. Subsidiaries (continued)

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

Deed of Cross Guarantee

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

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

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

	Note	30 June 2023 $000s	30 June 2022 $000s
Revenue		497,918	396,753
Other income		12,469	9,563
Other gains and losses		(346)	(2,300)
Administrative Expenses		(12,969)	(8,022)
Drilling consumables		(44,621)	(39,200)
Employee and contract labour expenses		(241,248)	(182,678)
Fuel and oil expenses		(10,887)	(10,162)
Freight and couriers		(7,149)	(6,105)
Hire of plant		(15,815)	(14,614)
Service and repair expenses		(39,244)	(31,857)
Travel expenses		(20,015)	(15,242)
Transaction expenses		(876)	-
IPO expenses		-	(3,820)
Engineering consumables and parts		(4,950)	
Other expenses		(4,174)	(5,642)
EBITDA		**108,093**	**86,674**
Depreciation expense		(44,880)	(28,628)
Amortisation expense		(11,119)	(5,808)
EBIT		**52,094**	**52,238**
Interest income		129	7
Finance costs		(2,892)	(1,644)
Profit before tax		**49,331**	**50,601**
Income tax (expense)/benefit		(10,992)	(17,379)
Profit for the year		**38,339**	**33,222**
Other comprehensive income, net of income tax			
Exchange differences on foreign controlled entities		**779**	**818**
Total comprehensive income for the year		**39,118**	**34,040**
Profit attributable to owners of the parent		**39,118**	**34,040**

Notes to the Consolidated Financial Statements (continued)

31. Subsidiaries (continued)

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

	30 June 2023 $000s	30 June 2022 $000s
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	16,116	11,558
Trade and other receivables	83,456	85,570
Inventories	52,949	51,756
Current tax asset	1,609	4,055
Other current assets	2,109	1,717
TOTAL CURRENT ASSETS	**156,239**	**154,656**
NON-CURRENT ASSETS		
Financial assets	20,151	16,998
Intangible assets	49,245	61,385
Property, plant and equipment	226,220	204,732
Right of use assets	12,300	13,459
Deferred tax asset	-	-
TOTAL NON-CURRENT ASSETS	**307,916**	**296,574**
TOTAL ASSETS	**464,155**	**451,230**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	47,748	47,768
Lease liabilities	2,946	4,215
Provisions	21,211	19,820
TOTAL CURRENT LIABILITIES	**71,905**	**71,803**
NON-CURRENT LIABILITIES		
Lease liabilities	12,445	14,632
Borrowings	30,000	29,827
Provisions	1,052	626
Deferred tax liabilities	28,839	10,933
TOTAL NON-CURRENT LIABILITIES	**72,336**	**56,018**
TOTAL LIABILITIES	**144,241**	**127,821**
NET ASSETS	**319,914**	**323,408**
EQUITY		
Issued capital	444,574	464,543
Group reorganisation reserve	(266,574)	(266,574)
Share based payment reserve	3,585	3,706
Foreign Currency Translation reserve	1,597	818
Retained earnings	136,732	120,915
TOTAL EQUITY	**319,914**	**323,408**

Notes to the Consolidated Financial Statements (continued)

32. Parent Entity Information

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

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

The financial information for the parent entity is detailed below.

Financial position	**30 June 2023 $000s**	**30 June 2022 $000s**
Assets		
Current assets	141	162
Non-current assets	359,522	358,092
Total assets	**359,663**	**358,254**
Liabilities		
Current liabilities	(4,221)	(1,849)
Non-current liabilities	(30,000)	(30,000)
Total liabilities	**(34,221)**	**(31,849)**
Equity		
Issued capital	444,574	464,543
Retained earnings/(accumulated losses)	(119,132)	(138,138)
Total equity	**325,442**	**326,405**
Financial performance		
Profit/(loss) for the year	30,342	21,557
Total comprehensive income/(loss)	30,342	21,557

Notes to the Consolidated Financial Statements (continued)

33. Auditor's Remuneration

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

	Note	30 June 2023	30 June 2022
Deloitte and related network firms			
Audit and review of financial reports		486,750	444,000
		486,750	**444,000**
Other services:			
Financial Due Diligence		350,000	-
Other Advisory services		12,000	12,000
		362,000	**12,000**
Total remuneration		**848,750**	**456,000**

The auditor of the Group is Deloitte Touche Tohmatsu.

34. Commitments and contingencies

a) Capital Commitments

The Group has capital commitments for purchases of drill rig assets and support gear totaling $2,520k (2022: 8,362k).

b) Contingent liabilities

On 30 June 2022, the Board of Directors of DDH1 approved an on-market share buy-back program of up to 34,280,468 shares, representing approximately 8% of the issued capital of DDH1, over 12 months from 18 July 2022 at no more than 5% above the volume-weighted average price of DDH1 shares over the five trading days prior to the purchase. No additional shares were acquired under the buy-back program post 30 June 2023 and the share buy-back program concluded on 18 July 2023.

On 26 June 2023 DDH1 Limited and Perenti Group entered into a binding Scheme Implementation Agreement ("SIA" or "Scheme") under which DDH1 will combine with Perenti. Costs incurred during the year related to the scheme have been expensed. Expensed amounts do not include any success fees, which will only become due and payable when the SIA becomes effective, expected to be in October 2023. Expensed amounts also do not include legal fees, or professional fees related to the Scheme booklet or Independent Expert and Independent Accountant Reports. The quantum of these fees will be circa $5.4 million.

35. Bank guarantees

The Group has bank guarantees in the amount of $1,633k (2022: $1,203k) in relation to lease liabilities. The total facility for bank guarantees are fully drawn down at balance date.

Notes to the Consolidated Financial Statements (continued)

36. Acquisition Of Subsidiaries

Details of the provisional fair values of the net assets acquired and goodwill was set in the Company's 2022 Annual Report. The final fair values of the net assets acquired resulted in a reduction of $2.1 million of goodwill being recognised from the disclosed provisional values. Final adjustments resulted in an increase of tax receivables ($2.1 million) and deferred tax liabilities ($0.2 million net result of the finalisation of the deferred tax balances and recognition of additional losses) and a decrease to financial assets classified as FVOCI ($0.2million) as a result of additional information being obtained within the measurement period.

Final fair value recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	7 February 2022 $000s
Cash and cash equivalents	4,994
Trade and other receivables	23,148
Inventory	28,718
Other assets	4,742
Property, plant and equipment	57,884
Intangible development assets	5,886
Financial assets classified as FVOCI	2,050
Right of use assets	7,398
Identifiable intangible assets	25,740
Trade and other payables	(19,681)
Borrowings	(30,000)
Lease Liabilities	(10,510)
Provisions	(6,941)
Deferred tax assets/(Liabilities)	(7,619)
Total net identifiable assets acquired	**85,809**
Goodwill	2,343
Total Consideration	**88,152**

The goodwill of $2.3 million arising from the acquisition included amounts in relation to the benefit of expected synergies, future market development and the assembled workforce of Swick. These benefits are not recognised separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill is expected to be deductible for income tax purposes.

An external assessment has been performed to determine the carrying value of the intangibles recognised on acquisition. Customer contracts and relationships ($25.7 million) are being amortised in line with the valuation assessment of 2-5 years depending on the underlying relationship.

Notes to the Consolidated Financial Statements (continued)

36. Acquisition Of Subsidiaries (continued)

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

Acquisition-related costs relating to the acquisition of Swick Mining Services Limited were $3,820k, which have been expensed in the prior period.

Swick contributed circa $69 million revenue and circa $7 million to the Group's profit before tax for the period between the date of acquisition to 30 June 2022.

If the acquisition of Swick had been completed on the first day of the comparative financial year, Group revenues for the 2022 financial year would have been circa $507 million and Group net profit after tax would have been circa $113 million.

37. Post-reporting Date Events

For the year ended 30 June 2023, a fully franked dividend of 1.96 cents per share was declared on 29 August 2023 and is payable on 28 September 2023 to DDH1 shareholders on the share register at 15 September 2023.

On 26 June 2023 DDH1 Limited and Perenti Group entered into a binding Scheme Implementation Agreement (the "SIA" or 'Scheme") under which DDH1 will combine with Perenti to create one of the ASX's leading contract mining services groups. Subsequent to year end on 30 July 2023 the Scheme Booklet was lodged with ASIC. The Scheme Booklet was approved on 16 August 2023. The Scheme Implementation effective date is currently timetabled to be 3 October 2023. As a result of entering into the SIA, the Board approved and exercised their discretion in accordance with clause 19.1 of the DDH1 Long Term Investment Plan and determined that all unvested performance rights will vest and become immediately exercisable subject to the Scheme approval by shareholders and that the relevant number of shares be issued to the relevant executives and employees upon conversion, with shares in the Company to be issued after shareholders have approved the Scheme at the Scheme Meeting on 18 September 2023.

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

38. Company Details

DDH1 Limited is a company limited by shares, incorporated and domiciled in Australia.

Registered office and principal place of business of the Company:

21 Baile Road
Canning Vale, Perth, Western Australia 6155

Directors' Declaration

In accordance with a resolution of the Directors of DDH1 Limited, I state that:

In the opinion of the Directors:

(a) The attached financial statements and notes thereto for the financial year ended 30 June 2023 are in accordance with the *Corporations Act 2001*, including:

   a. Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date: and

   b. Complying with Accounting Standards and the *Corporations Regulations 2001*;

(b) The attached financial statements and notes comply with International Financial Reporting Standards, as stated in note 1.1 to the financial statements; and

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (*Wholly-owned Companies*) Instrument 2016/785. The nature of the deed of cross guarantee is such that each entity which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

Signed on behalf of the Board of Directors pursuant to s.295(5) of the *Corporations Act 2001*.

Director
Diane Smith-Gander, AO

Dated this 29th day of August 2023

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the members of DDH1 Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DDH1 Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023 the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Finalisation of the acquisition of Swick Mining Services
 	
As disclosed in Note 36 the acquisition of Swick Mining Services Limited (Swick) was completed during the prior year on 7 February 2022 for total purchase consideration of $88.15 million. The acquisition was provisionally accounted for as at 30 June 2022 and finalised during the current period ended 30 June 2023.
 	
As a result of the finalisation of the acquisition accounting the following tax balances were impacted with a resulting adjustment to Goodwill:
• The treatment for the deduction of consumables was aligned with the Group resulting in adjustment to the current tax receivable; and
• Deferred tax assets and liabilities were adjusted for the treatment of the consumables deduction, recognition of available tax losses and the finalisation of the allocable cost allocation (ACA) process.
	Our procedures performed, included but were not limited to:
	• In conjunction with our taxation specialists, assessing the competence and experience of management's experts and evaluating:
	  o the tax treatment for the consumable deductions;
	  o the recognition of tax losses; and
	  o the finalisation of the ACA process
	• Reviewing the adjustments to and final determination of goodwill; and
	• Assessing the adequacy of the disclosures in notes 36, 18 and 19.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 81 to 101 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of DDH1 Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants
Perth, 29 August 2023


SWICK

SHAREHOLDER INFORMATION

The security holder information set out below was applicable as at 24 August 2023.

DISTRIBUTION OF SHAREHOLDERS

The distribution of shareholders was as follows:

	Ordinary Shares		
Share Grouping	Number of shareholders	Shares	Percentage of shares on issue
1 - 1,000	868	423,411	0.11
1,001 - 5,000	1,161	3,143,092	0.78
5,001 - 10,000	570	4,420,823	1.10
10,001 - 100,000	1,183	36,989,076	9.22
100,001 and over	139	356,117,018	88.79
	3,921	**401,093,420**	**100.00**

There were 575 holders of less than a marketable parcel of 610 shares ($500 worth) based on the closing market price DDH1 shares on 23 August 2023.

TWENTY LARGEST SHAREHOLDERS

	Ordinary Shares	
Name of registered holder	Number of shares held	Percentage of shares on issue
1. DDH1 HOLDINGS SINGAPORE PTE LTD	80,753,063	20.13
2. WESTERN ALLOYS PTY LTD <WESTALL INVESTMENT A/C>	47,419,961	11.82
3. CITICORP NOMINEES PTY LIMITED	42,303,917	10.55
4. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,144,102	7.76
5. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	30,164,144	7.52
6. GOLDENMILE PTY LTD <ALLOYS INVESTMENT A/C>	15,300,000	3.81
7. WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	14,400,000	3.59
8. MOORE LIFE INVESTMENTS PTY LTD <MOORE LIFE INVESTMENTS A/C>	8,335,201	2.08
9. NATIONAL NOMINEES LIMITED	7,223,320	1.80
10. UBS NOMINEES PTY LTD	5,968,326	1.49
11. SYBRANDT VAN DYK	4,965,886	1.24
12. NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	4,682,175	1.17
13. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,797,696	0.95
14. BNP PARIBAS NOMS PTY LTD <DRP>	3,683,999	0.92
15. MR STEPHEN CRAIG JERMYN <JERMYN FAMILY S/FUND A/C>	3,000,000	0.75
16. SCJ PTY LIMITED <JERMYN FAMILY A/C>	3,000,000	0.75
17. BANDED IRON PTY LTD	2,416,771	0.60
18. MR KENNETH JOSEPH HALL <HALL PARK A/C>	2,056,257	0.51
19. BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,043,787	0.51
20. PRECISION OPPORTUNITIES FUND LTD <INVESTMENT A/C>	2,000,000	0.50
Total	**314,658,605**	**78.45**

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders are as follows and information is as at the date of the substantial shareholders notice was provided to the Company:

	Ordinary Shares	
	Number of shares held	**Percentage of shares on issue**
DDH1 Holdings Singapore Pte. Ltd and Oaktree Capital Management Group of companies	80,753,063	20.13%
Perenti Limited [(1)]	80,178,575	19.99%
Murray Pollock & Western Alloys Pty Ltd ATF the Wesrall Investment Trust	47,419,961	11.82%

[(1)] On 25 June 2023, Perenti entered into a call option deed with DDH1 Holdings Singapore Pte Ltd in respect of 80,178,575 Shares

UNQUOTED SECURITIES

	Performance Rights	
	Number of holders	**Number on issue**
Performance Rights issued under the DDH1 Long-Term Incentive Plan	10	2,871,860

No holder held more that 20% of the number of Performance Rights on issue.

EMPLOYEE SHARE PLAN

On DDH1 operates an employee share plan (the DDH1 Employee Share Plan) involving the issue of DDH1 Shares to employees (the DDH1 Employee Shares) subject to a 3-year Restriction Period expiring 5 March 2024. 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 Shareholders.

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.

562,101 Employee shares are on issue.

ON MARKET BUY- BACK

On 1 July 2022, the Board announced an on-market share buy-back program of up to 10% of the issued capital, to be executed over the next 12 months ("Buy-Back").

The Buy-Back will be made under ASX Listing Rules and section 257B(4) of the Corporations Act 2001 and may run for up to 12 months from commencement date of 18 July 2022. The Buy-back was cancelled on 14 July 2023, no additional shares where bought back from balance sheet date to the close of the on-market share buy-back program.

CALENDAR OF KEY EVENTS AND AGM

29 August 2023	Announcement of FY23 Results
15 September 2023	Final Dividend Record Date
18 September 2023	Scheme Meeting of Shareholders to consider Scheme of Arrangement with Perenti Limited (Scheme) as announced on 26 June 2023
28 September 2023	Payment of Final Dividend
5 October 2023	Closing Date for receipt of nominations from persons wishing to be considered for election as a director under ASX Listing rule 3.13
6 October 2023	Payment of Scheme Consideration (if the Scheme is approved)
24 November 2023	Annual General Meeting

All dates may be subject to change and shareholders are advised to check with the Company to confirm the dates.

VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) **Ordinary Shares:** every member present at a meeting of the Company in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) **Performance Rights:** no voting rights.

COMPANY SECRETARY

Darryl Edwards

REGISTERED OFFICE

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www.ddh1.com.au

SHARE REGISTRY

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Abbotsford
Victoria, 3067

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Australia: 1300 850 505
International: +61 (0)3 9415 4000
www.computershare.com.au

SHARE REGISTRY

The DDH1 share register is managed by Computershare Investor Services Pty Limited (Computershare).
Computershare provides a range of services that can be accessed online. When accessing some information online you may be required to enter your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements and other personal details such as your postcode.

Contact Computershare on:

Phone
Australia: 1300 558 062
International: (+61 3) 9415 4631

Address
Level 11, 172 St Georges Terrace Perth WA 6000

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CORPORATE DIRECTORY

ASX:DDH
Listing Date 9 March 2021

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DDH1 Limited
21 Baile Road
Canning Vale WA 6155

CORPORATE WEBSITE
www.ddh1.com.au

DIRECTORS
Diane Smith-Gander AO
Alan Broome AM
Andrea Sutton
Murray Pollock
Byron Beath
Sy Van Dyk

COMPANY SECRETARY
Darryl Edwards

AUDITOR
Deloitte Touche Tohmatsu
Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000

TAX ADVISER
PricewaterhouseCoopers
Brookfield Place
125 St Georges Terrace
Perth WA 6000

COMPANY HISTORY

KEY MILESTONES

1997	Swick Mining Services established by Kent Swick
2005	Ranger Drilling established by Matt Izett
2006	DDH1 Drilling established by Murray Pollock and Matt Thurston
2006	Swick Mining Services listed on ASX (ASX:SWK)
2009	DDH1 Drilling establishes office in Brisbane, Queensland
2009	Swick Mining Services commences North American operations
2012	Swick Mining Services commences European operations in Portugal
2013	Strike Drilling established by Richard Bennett
2014-16	DDH1, Ranger and Strike continue to grow fleet numbers during prolonged mining downturn
2017	Oaktree acquires 50% interest in DDH1
2018	DDH1 Drilling acquires Strike Drilling
2018	DDH1 Drilling drills deepest mineral core hole in Australian history at North Star Resources Jundee Gold Mine
2019	DDH1 Holdings acquires Ranger Drilling
2019	DDH1 Drilling completed deepest mine service hole in Southern Hemisphere to 1,446m
2021	DDH1 Limited listed on ASX (ASX:DDH)
2021	Swick Mining Services establishes Swick Engineering division
2022	DDH1 Limited acquires Swick Mining Services
2023	DDH1 and Perenti Limited entered into a Scheme Implementation Agreement with Perenti, under which Perenti agreed to acquire 100% of the issued share capital of DDH1

FORWARD LOOKING STATEMENTS

IMPORTANT NOTICE AND DISCLAIMER

This report may contain forward looking statements concerning activities which are or may be undertaken, outlook or other matters. Any such forward-looking statements are based on assumptions, which may differ materially from the actual circumstances which may arise. Actual results may differ from projections and such variations may be material. You should not place undue reliance on any projections, which are based only on information currently available to DDH1. DDH1 undertakes no obligation to update any forward-looking statements for events or circumstances that occur subsequent to the date of this report or to keep current any of the information provided. Past performance is no guarantee of future performance. Forward-looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that those predictions, forecasts and other forward-looking statements will not be achieved. Forward-looking statements, opinions and estimates provided in this report are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

This report contains statements that are subject to risk factors associated with DDH1's industry as well as unknown risks and uncertainties (both general and specific), many of which are outside the control of DDH1. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables, some of which are outside DDH1's control, which could cause actual results or trends to differ materially, including but not limited to earnings, capital expenditure, cash flow and capital structure risks and general business risks. Given this, recipients are strongly cautioned not to place undue reliance on any Projections and forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID pandemic.

Disclaimer: Other than as required by law, neither DDH1 nor any other person (including any director, officer or employee of any member of the Group) gives any representation, warranty or assurance (express or implied) in relation to the accuracy or completeness of any forward-looking statement or that the occurrence of any event, results, performance or achievement will actually occur. Except as required by applicable laws or regulations, DDH1 expressly disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this report to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

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