

## Corporate Governance Statement

Dynamic Drill and Blast Holdings Limited (ACN 640 888 213) (**Company**) has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

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

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

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

### (a) Board of Directors

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

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

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) appointing and when necessary replacing the Executive Directors;
- (iii) approving the appointment and when necessary replacement, of other senior executives;
- (iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;
- (v) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (vi) approving operating budgets and major capital expenditure;
- (vii) overseeing the integrity of the Company's accounting and corporate reporting systems including the external audit;

- (viii) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; and
- (x) monitoring the effectiveness of the Company's governance practices.

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

(b) **Composition of the Board**

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

(c) **Identification and management of risk**

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

(d) **Ethical standards**

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

(e) **Independent professional advice**

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

(f) **Remuneration arrangements**

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

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or

otherwise performs services outside the scope of the ordinary duties of a Director (eg non-cash performance incentives such as options).

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

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

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

**(g) Securities trading policy**

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

**(h) Diversity policy**

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

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

**(i) Audit and risk**

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

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(j) **External audit**

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

**Departures from Recommendations**

Following admission of the Company's securities to quotation on ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

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

Principles and Recommendations	Explanation for Departures
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(i) the measurable objectives set for that period to achieve gender diversity;</p> <p>(ii) the entity's progress towards achieving those objectives; and</p> <p>(iii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p>	<p>The Company has implemented a diversity policy which can be viewed on its website at <a href="http://www.dynamicdrillandblast.com.au/">www.dynamicdrillandblast.com.au/</a>. The diversity policy provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The diversity policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives (if any have been set) and the Company's progress in achieving them.</p> <p>Due to the current size and composition of the organisation, the Board does not consider it appropriate to provide measurable objectives in relation to gender diversity. The Company is committed to ensuring that the appropriate mix of skills, expertise, and diversity are considered when employing staff at all levels of the organisation and when making new senior executive and Board appointments and is satisfied that the composition of employees, senior executives and members of the Board is appropriate.</p>

Principles and Recommendations	Explanation for Departures
<p>(B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p>	
<p><b>Recommendation 1.7</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose, for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p>The Board reviews the performance of its senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act), other than non-executive Directors.</p> <p>The applicable processes for these evaluations can be found in the Company’s Performance Evaluation Policy, which is available on the Company’s website.</p> <p>The performance evaluation policy has been newly adopted and therefore no performance evaluation has been undertaken in accordance with those processes contained within the policy.</p>
<p><b>Recommendation 2.1</b> The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout</p>	<p>In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process, as such the Board as a whole will act in regards to the responsibilities of the nomination committee. Those responsibilities are outlined in the Nomination and Remuneration Committee Charter which is available on the Company’s website.</p>

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

Principles and Recommendations	Explanation for Departures
<p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	
<p><b>Recommendation 6.4</b></p> <p>A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than a show of hands.</p>	<p>The Company at its current size has not adopted the use of a poll for each of its substantive resolutions.</p> <p>Moving forward the Company Secretary will ensure that substantive resolutions will be decided by poll.</p>
<p><b>Recommendation 7.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout</p>	<p>The Board has not established a separate Risk Management Committee. The Board is ultimately responsible for risk oversight and risk management. Discussions on the recognition and management of risks are considered by the Board.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate risk committee.</p>

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

Principles and Recommendations	Explanation for Departures
(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	

**By order of the Board**



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James Bahen  
Company Secretary

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