

Quarterly Activities Report – September 2021

Dynamic Drill and Blast Holdings Limited ('Group' or the 'Company') (ASX: DDB) is pleased to provide the following report on its activities during Q1FY22.

Key Activities and Highlights

- Successful integration of Orlando Drilling Pty Ltd
- Strong Q1FY22 financial performance, strong balance sheet position
- Additional equipment and personnel deployed to multiple projects

Snapshot – As at 30 September 2021

Share price (ASX: DDB)	\$0.43	Revenue for the Quarter ¹	A\$18.2m
Shares ²	114,873,844	EBITDA for the Quarter ¹	A\$4.7m
Market Cap ²	A\$49.4m	Cash ¹	A\$9.7m
Net Asset Value ¹	A\$43.0m	Gross Debt ¹	A\$12.4m

Following the acquisition of Orlando Drilling Pty Ltd ('Orlando') in July 2021, the Company has chosen to provide the above unaudited financial snapshot for its initial FY22 quarter since the combination of the businesses.

The integration of Orlando into the Group has been seamless and has resulted in immediate earnings accretion to shareholders of the Company. The acquisition has been transformational in terms of scale, expanded capability, customer diversification, and has added significant expertise to the Group's management team and Board of Directors.

The Company's balance sheet has been further improved by the strong financial performance during Q1FY22. The outlook remains positive with a sustained high level of demand for exploration, grade control and drill and blast services, resulting in a solid pipeline across the Group.

Operations

Dynamic Drill & Blast Pty Ltd ('Dynamic')

Operations continue at Orocobre Limited's (formerly Galaxy Resources Limited pre-merger with Orocobre Limited) Mt Cattlin Lithium Spodumene project and AngloGold Ashanti Limited's Golden Delicious project in the Goldfields region of Western Australia.

¹ Unaudited financial figures

² Includes restricted securities. Excludes existing 8,972,100 options exercisable at various dates and prices, and 3,277,900 performance rights on issue. Excludes potential to issue up to 16,666,667 shares to the vendors as part of the earn-out consideration subject to Orlando's Fy22 performance.

ASX Announcement

Dynamic concluded operations at the Wiluna West C4 site and demobilised prior to the halting of mining operations, successfully completing its obligation under the contract.

There are several additional and diversified short-term projects currently being serviced by Dynamic to existing and new projects/clients, with discussions being held regarding the potential for longer-term contracts. These projects include multiple tier 1 Iron Ore projects in the Pilbara Region of Western Australia, as well as a production gold project in the Goldfields Region of Western Australia.

Orlando Drilling Pty Ltd ('Orlando')

Longer term operations continue with FQM Nickel Australia Pty Ltd at the Ravensthorpe Nickel project, Sandfire Resources NL at the Degussa Copper Gold Mine, Northern Star Resources Limited on its various Gold projects and with Gold Road Resources Limited at the Yamarna Gold project.

In addition to the longer-term projects, Orlando entered in to 14 additional contracts with mid- tier and junior gold, copper, iron ore and nickel explorers and producers to undertake smaller sized RC and diamond drilling jobs throughout the quarter. Orlando expects repeat engagements for additional drilling with existing clients to continue for the rest of the year due to high performance outcomes being achieved on projects.

Training Simulator

The Company has committed to purchase a custom-built drill training simulator, which will allow it to further upskill its personnel, as well provide ability to train inexperienced personnel. The Company believes that this is an exciting opportunity which will aid sustainability of labour supply.

Corporate

Financial Summary

The Company is in a strong financial position with cash and cash equivalents of A\$9.7 million and trade receivables of A\$11.1 million.

Cash inflows from operating activities for the quarter was A\$21.0 million, due mainly to receipts from customers.

Cash outflows from operating activities for the quarter was approximately A\$17.1 million representing payment of employment and operating costs.

Cash outflows from investing activities \$8.0 million, due mainly to cash payment for acquisition of Orlando of \$4.5 million as well as acquisition of additional Property, Plant & Equipment.

Cash inflows from financing activities for the quarter include the receipt of \$3.77 million from the settlement of Tranche 2 of the placement associated to the Orlando acquisition.

The Company made operating activity payments of A\$563,533 to related parties and their associates. These payments relate to the remuneration agreements for the Managing Director, Executive Director, Non-Executive Directors and key management personnel. In addition, the Company made investing activity payments of \$4.5 million to related parties and their associates, being payments to the original shareholders of Orlando in relation to the acquisition.

ASX Announcement

Pursuant to ASX listing rule 4.7C.2, the Company advises the proposed use of funds contained in section 1.7 of the Company's Prospectus in comparison to the actual use of funds following admission of the Company to the official list of the ASX:

Use of Funds	Prospectus Amount	Actual to Date
Cost of the Offers	A\$482,000	A\$438,000
Purchase of additional plant and equipment	A\$2,833,000	A\$927,500
Repayment of Debt	A\$500,000	A\$500,000
Working Capital/Corporate overheads	A\$1,958,000	A\$1,424,317
Total	A\$5,773,000	A\$3,289,817

The Company confirms that it expects to utilise the funds raised under its Prospectus in accordance with the use of funds statement and the key business objectives underlying the expected use of funds remain intact.

-ENDS-

This announcement has been authorised by the Board of Dynamic Drill & Blast Holdings Limited.

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About Dynamic Drill & Blast Holdings Limited

Dynamic Drill & Blast Holdings Limited (the "Company") is a supplier of various specialised drilling services as well as blasting services to clients in the mining and construction sectors in Western Australia. The Company operates under two entities, Dynamic Drill & Blast Pty Ltd and Orlando Drilling Pty Ltd.

The Company's significant project pipeline is based around medium to long term contracts and has a highly experienced executive management team focused on quality service provision, employee safety and providing solutions

The Company is committed to business and quality management systems that provides the framework for its personnel to achieve its customer's measurable objectives, while using continual improvement initiatives to strive for best practice performance.

Since incorporation, the Company has developed comprehensive policies, procedures and processes that aid the safe, effective and efficient provision of services.

Dynamic Drill & Blast ("Dynamic") is a supplier of drilling and blasting services to clients in the mining and construction sectors in Western Australia. Dynamic focuses on mining and construction projects within a range of commodity sectors, including iron ore, lithium and gold. Dynamic also undertakes short term specialised drilling and blasting projects.

ASX Announcement

Orlando Drilling Pty Ltd (Orlando) is a wholly owned subsidiary of the Company. Orlando is a Western Australian based company providing grade control, exploration and resource definition drilling services to the mining industry since 2007, utilising its fleet of AC, RC and diamond drill rigs and experienced personnel.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Dynamic Drill and Blast Holdings Limited's planned work and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential", "should," and similar expressions are forward-looking statements. Although Dynamic Drill and Blast Holdings Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual work will be consistent with these forward-looking statements.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

DYNAMIC DRILL AND BLAST HOLDINGS LIMITED

ABN

49 640 888 213

Quarter ended ("current quarter")

30 SEPTEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	21,028	21,028
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(10,215)	(10,215)
(c) advertising and marketing	(25)	(25)
(d) leased assets	(211)	(211)
(e) staff costs	(6,487)	(6,487)
(f) administration and corporate costs	(260)	(260)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(146)	(146)
1.6 Income taxes paid	(34)	(34)
1.7 Government grants and tax incentives	253	253
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	3,903	3,903
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(4,842)	(4,842)
(b) businesses	-	-
(c) property, plant and equipment	(3,198)	(3,198)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(8,040)	(8,040)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,770	3,770
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(503)	(503)
3.5	Proceeds from borrowings	2,119	2,119
3.6	Repayment of borrowings	(1,808)	(1,808)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(13)	(13)
3.10	Net cash from / (used in) financing activities	3,565	3,565

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,307	10,307
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,903	3,903
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8,040)	(8,040)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,565	3,565
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	9,735	9,735

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	9,254	9,952
5.2	Call deposits	481	355
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,735	10,307

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	563
6.2	Aggregate amount of payments to related parties and their associates included in item 2	4,500

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	18,320
7.2	Credit standby arrangements	5,500
7.3	Other (please specify)	-
7.4	Total financing facilities	23,820
7.5	Unused financing facilities available at quarter end	11,404
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	<p>The loan facility of \$18.32m relates equipment finance on various terms and rates, ranging from 3.19% to 6% and up to 60-month maturity, this includes an overall asset finance facility limit with Commonwealth Bank of Australia of \$10m as well as an overall asset finance facility with National Australia Bank of \$5m. Additional drawdown on these facilities subject to certain conditions.</p> <p>The Credit standby arrangement refers to a trade finance facilities with both Commonwealth Bank of Australia and National Australia Bank.</p>	

8. Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (item 1.9)	3,903
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,735
8.3	Unused finance facilities available at quarter end (item 7.5)	11,404
8.4	Total available funding (item 8.2 + item 8.3)	21,139
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.42
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ...13 October 2021.....

Authorised by:By the Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.