

# DDH1 LIMITED BELL POTTER UNEARTHED PRESENTATION



10 FEBRUARY 2022  
DDH1.COM.AU



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A solid red circle at the top left, with a vertical dotted line extending downwards from it.

The DDH1 group provides a range of specialised surface and underground drilling services to mining and exploration clients in Australia and selected international markets.

We aspire to be the world's leading driller through innovation and a continued focus on high quality reliable services.

DDH1 LIMITED

# BUSINESS OVERVIEW & SWICK UPDATE



# DDH1 1H22 SNAPSHOT



## LARGE QUALITY DRILL RIG FLEET

104 DRILL RIGS  
YOUNG FLEET COMPARED  
TO ECONOMIC LIFE

## STRONG CUSTOMER RELATIONSHIPS

97 CUSTOMER IN 1H22  
TOP 10 – 50% OF REVENUE  
BIGGEST CUSTOMER  
10% OF REVENUE

## PRODUCTION FOCUSED CONTRACTS

LESS CYCLICAL  
TYPICALLY 1-3 YEARS

## DIVERSIFIED REVENUE ACROSS SPECIALISED BRANDS

DIVERSIFIED SERVICES GENERATE  
REVENUE ACROSS THE VALUE CHAIN

## 15+ YEARS EXPERIENCE

DDH1 ESTABLISHED IN 2006  
RANGER IN 2005  
AND STRIKE IN 2013

INDUSTRY REPUTATION FOR QUALITY  
SERVICE DELIVERY

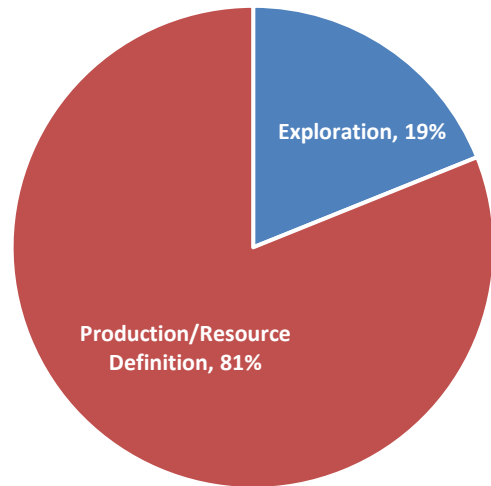
## TEAM OF 996

STRONG EMPLOYEE  
VALUE PROPOSITION

# DDH1 QUALITY REVENUE

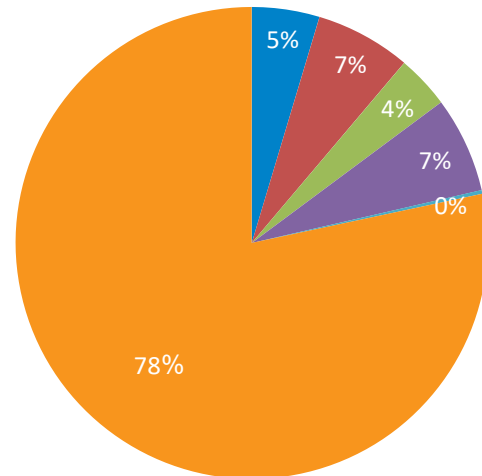


**STRONG MINE PRODUCTION AND DEVELOPMENT EXPOSURE, WHICH IS LESS CYCLICAL**



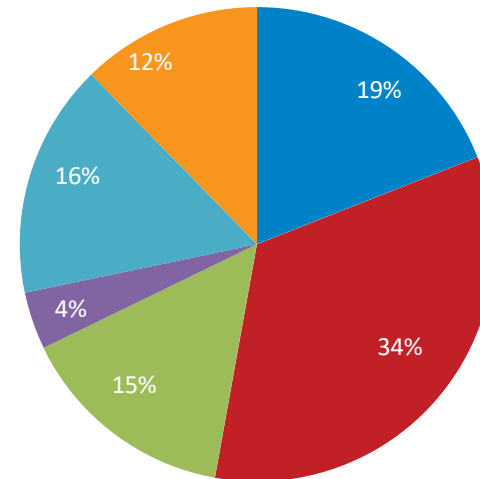
■ Exploration ■ Production/Resource Definition

**EXPOSURE TO A DIVERSITY OF GEOGRAPHIES**



■ SA ■ NSW ■ NT ■ QLD ■ SA ■ WA

**EXPOSURE TO AN LARGE RANGE OF HARD ROCK COMMODITIES NO EXPOSURE TO COAL**



■ Iron Ore ■ Gold ■ Gold / Copper ■ Other ■ Nickel ■ Copper

- Broad customer base with approximately 100 customers in each of the last two years
- ~80% of revenue from existing customer base
- Ability to drill for any hard rock commodity
- Australia wide operations with ability to move rigs to suit client requirements

# SWICK TRANSACTION HIGHLIGHTS



Effective change in control from 5pm 7<sup>th</sup> February 2022, with completion of consideration settled on 16 February 2022

Additional 72 best in class rigs and 625 highly trained staff

Access to world leading R&D, rig construction and maintenance skill sets

Exposure to first world mining jurisdictions in North America & Western Europe

PMO will be formed to optimise both revenue and cost synergies

A continuation of the strategy of buying best in class assets that add to the Group's service offering



# A STRONGER OPERATING STRUCTURE



## Combined Overview

- ① Retaining strong brands, customer service and operational teams
- ② Growing our customer offering through whole of mine specialised drilling services
- ③ Implementing in-house innovation across surface and underground fleets
- ④ Efficiencies of in-house manufacturing, maintenance and procurement practices
- ⑤ Single approach to sustainability through innovation and commodity focus, safety, diversity and inclusion

## DDH1 Group portfolio companies



### DDH1

- Diamond core
- All stages of mine cycle
- Multi-commodity
- 71 surface and underground rigs
- Australia-wide operations



### Strike

- Air Core & Reverse Circulation
- Exploration
- Multi-commodity
- 12 rigs including 7 dual purpose
- Australia-wide operations



### Ranger Drilling

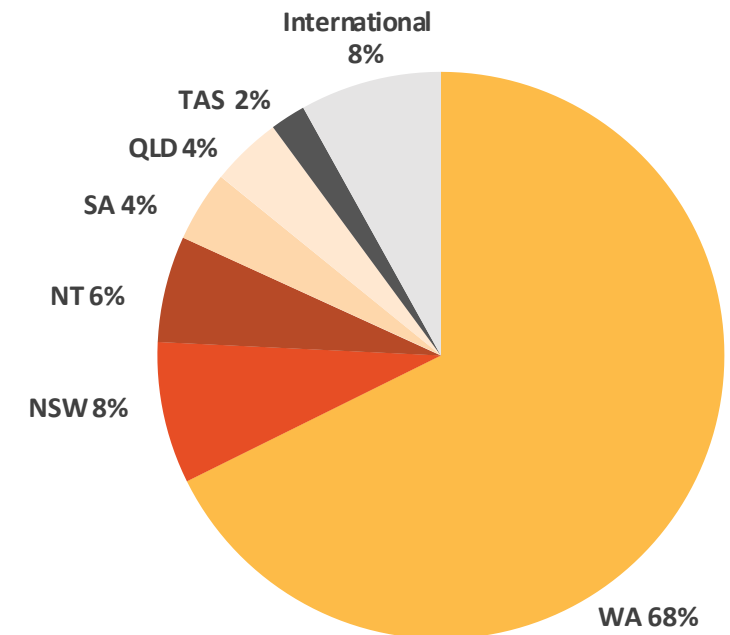
- Reverse Circulation
- All stages of mine cycle
- Iron Ore
- 21 rigs
- WA



### Swick

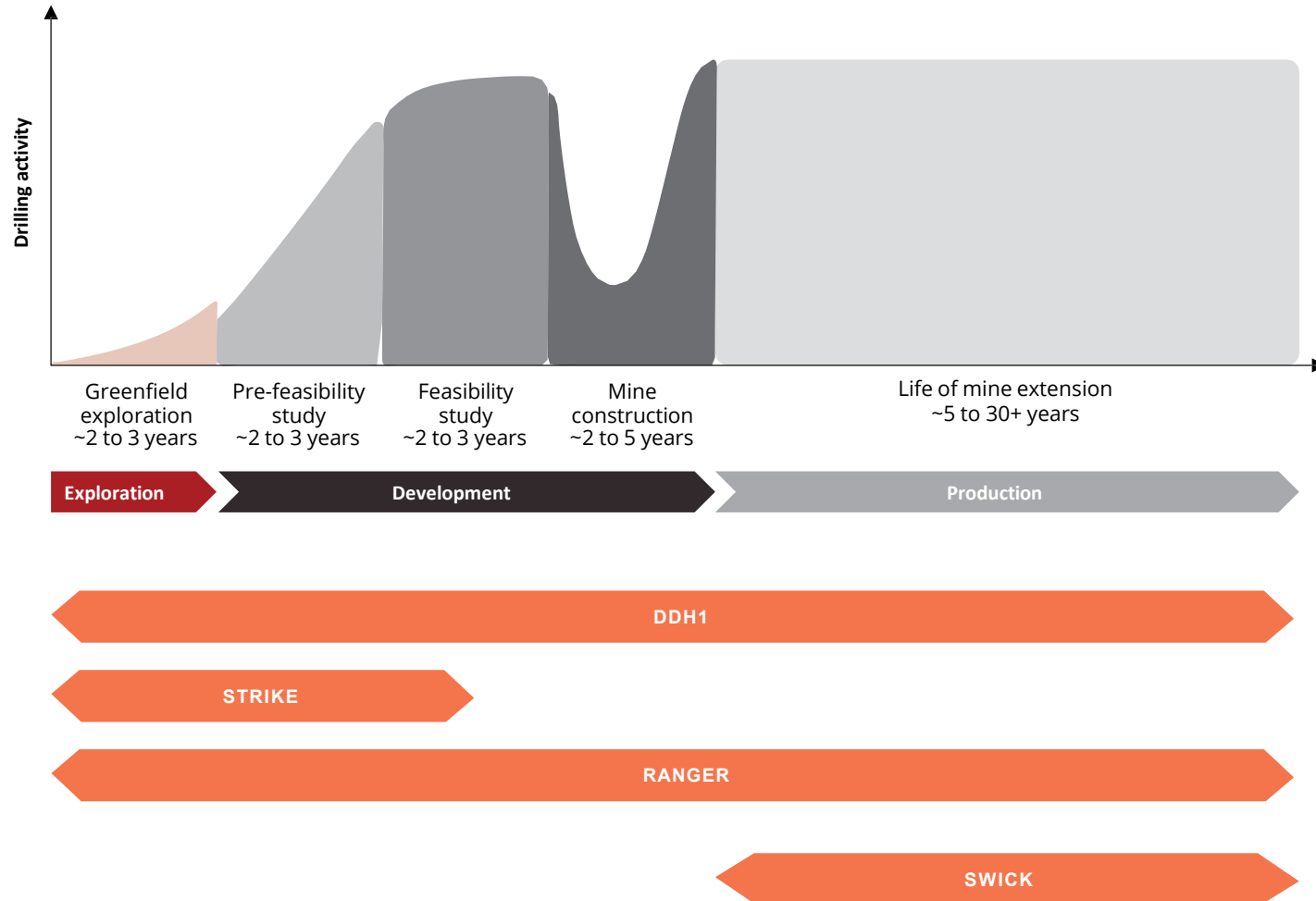
- Underground Diamond Core
- Development
- Production
- Multi-commodity
- 72 rigs
- Australia, Spain, North America, Portugal

## INCREASED EXPOSURE TO NEW GEOGRAPHIES PROFORMA FY21 REVENUE





# SERVICES ACROSS THE MINING VALUE CHAIN



- Offering a full suite of specialised drilling services
- Focusing on mine development and production phases, less cyclical
- Selective exposure to highly prospective earlier stage greenfields exploration drilling
- Extending services to existing customers, who often have multiple mine sites – surface and underground
- Leveraging existing experience and understanding of site geology to provide drilling efficiencies to mine operators

# INDUSTRY UPDATE



# COVID IMPACT

COVID related travel restrictions impacting personnel movements, labour availability and ability to optimise rig utilisation

Production largely unaffected by COVID containment measures, despite movement restrictions having an impact on workforce mobility

Domestic iron ore operations largely unaffected with a number of miners announcing that no planned capital investment will be cancelled or postponed due to COVID

Australian nickel and copper mining operations have accommodated COVID related movement restrictions with minimal impact on output to date

Global supply chains have been stretched leading to inflation in delivery times and costs for drill rigs and drilling consumables.

# COVID MITIGATION

Most employees have been double vaccinated

Investment in inventory levels to ensure that supply chain constraints don't effect production

Successfully procured RATs for use by employees in COVID effected areas

Meeting all client COVID requirements, which has enabled rigs to continue to work

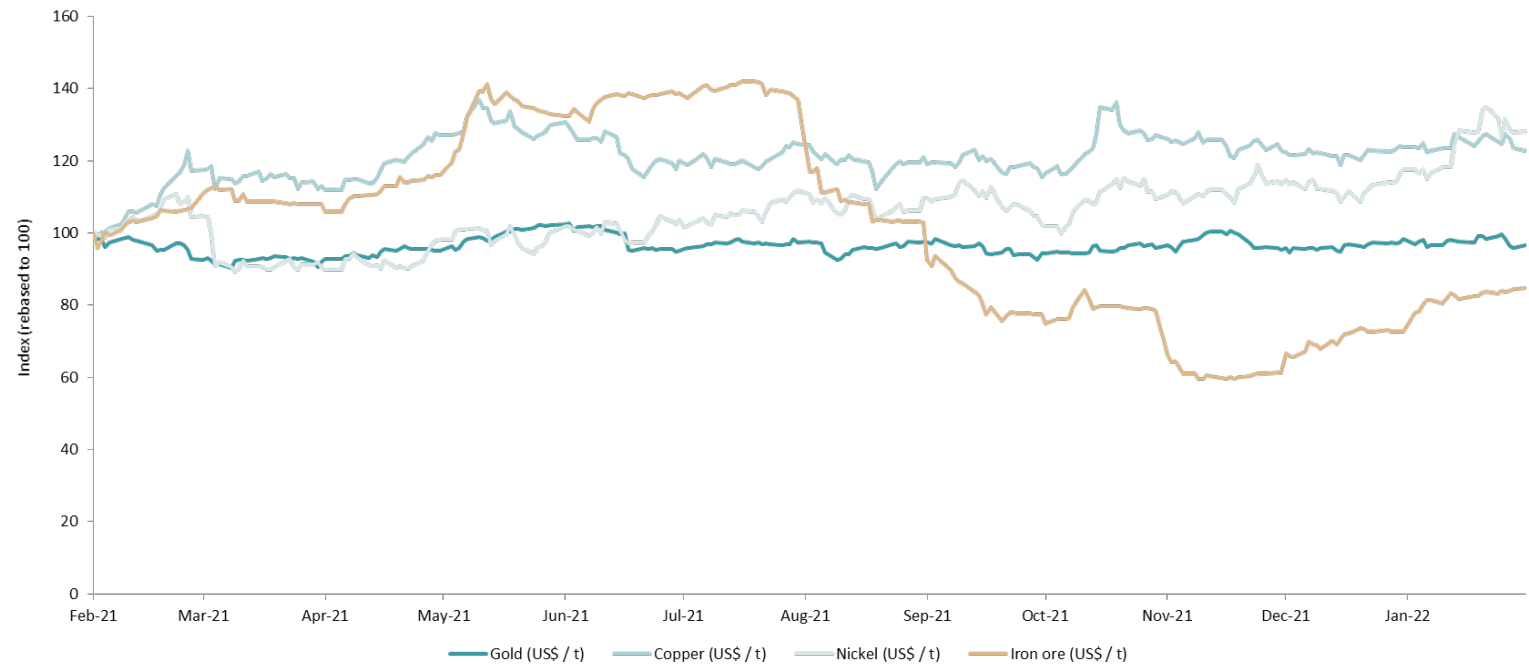


# SUPPORTIVE COMMODITIES PRICING



- Strong commodity prices driving increased exploration and mine life extension drilling
- Iron ore down FY22 YTD, however still relatively high, while gold remains robust
- Increased focus on raw material inputs into renewable technologies, with nickel and copper prices increasing over the past 12 months
- The outlook for commodity prices is favourable due to the global recovery from Covid, the global transition to renewable energy and production out-pacing discoveries

12 MONTH COMMODITY PRICES



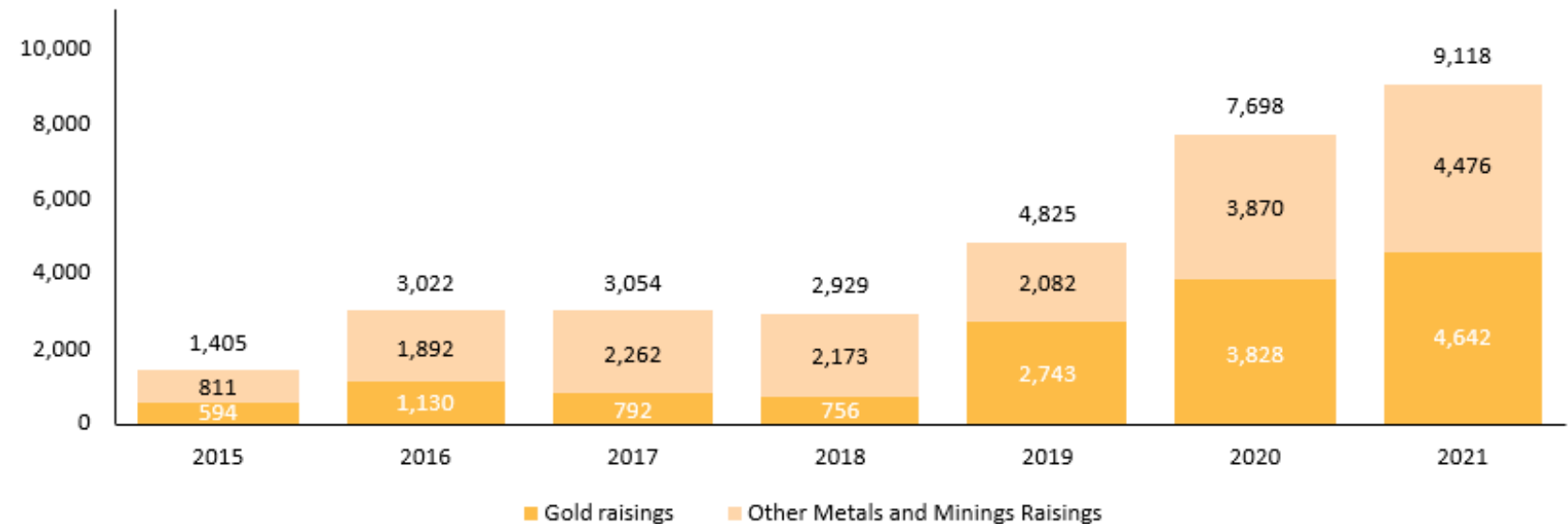
(Source: Factset)

# SUPPORTIVE CAPITAL MARKETS



- CY21 ASX metals and mining capital raising remained extremely strong after a strong CY20
- Capital raised on ASX will sustain multi-year exploration budgets
- Gold companies accounted for 52% of total metals and mining funds raised during the last three financial years

## EQUITY RAISINGS

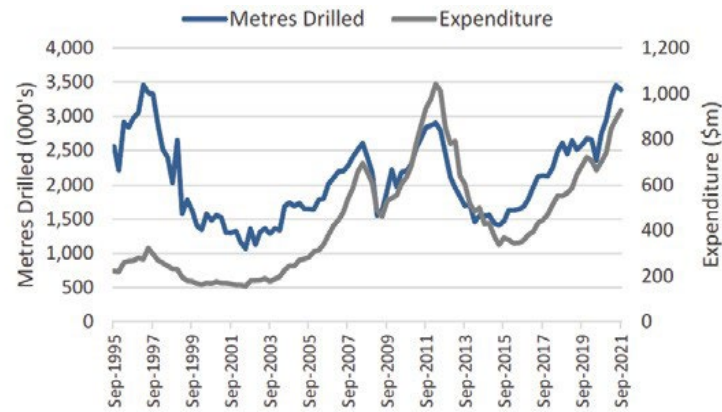


(Source: Factset)

# SUSTAINED PRODUCTION REQUIRING INCREASED EXPLORATION

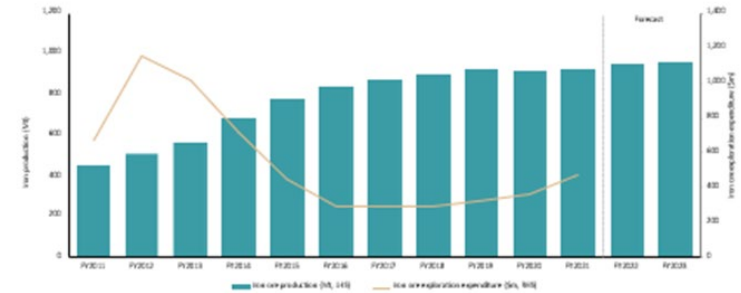


- Lower exploration expenditure against a backdrop of sustained production since FY11 indicates significant and sustained mineral exploration expenditure may be required to replenish strong forecast production levels
- Mineral exploration\* expenditure is still 20% below the peak value in FY12 of \$3.5b
- Average value of mineral exploration\* from FY16 - FY21 (\$2.2b) is 19% below FY11 - FY15 (\$2.7b)

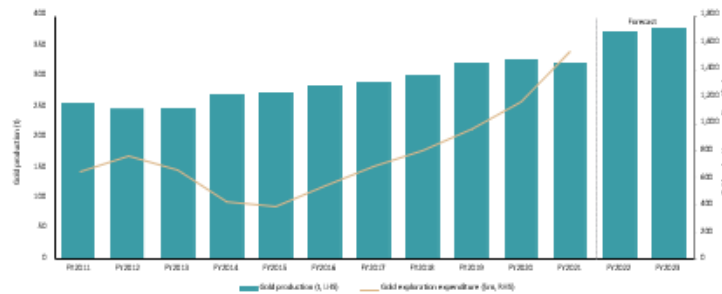


Source: ABS

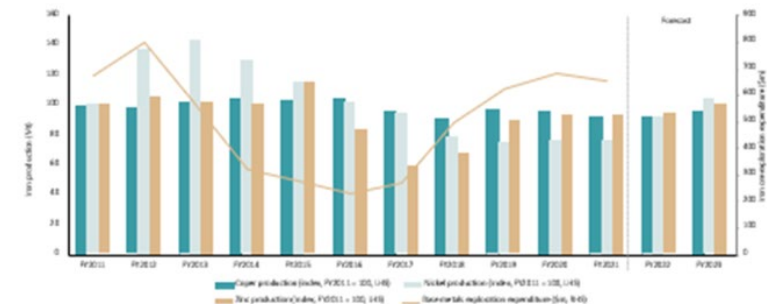
AUSTRALIAN IRON ORE PRODUCTION AND EXPLORATION EXPENDITURE (MT; \$M)



GOLD PRODUCTION AND EXPLORATION EXPENDITURE (T:\$M)



AUSTRALIAN BASE METALS PRODUCTION AND EXPLORATION EXPENDITURE (INDEX, FY2011 = 100:\$M)

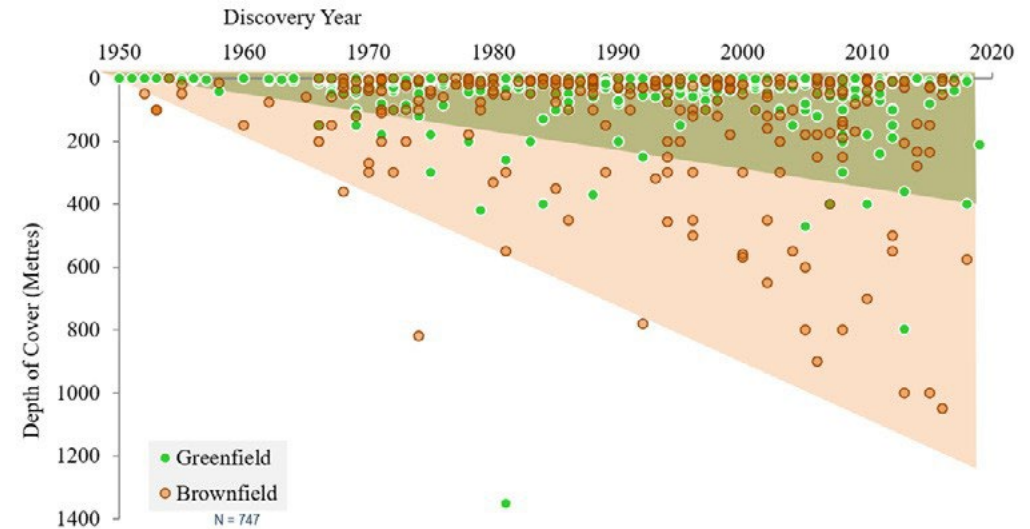


Source: Office of the Chief Economist, Resources and Energy Quarterly, September 2021. Department of Industry, Innovation and Science; and Office of the Chief Economist, Resources and Energy Quarterly, September 2021, Forecast Data. Department of Industry, Innovation and Science.

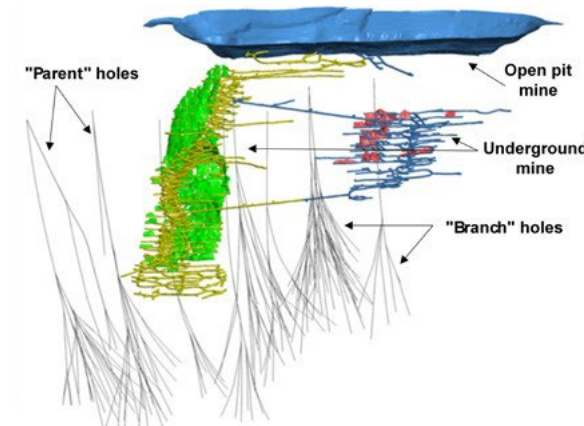
\* Excluding petroleum

# INCREASED DEMAND FOR SPECIALISED DRILLING TECHNIQUES

- Mining industry transitioning from shallower to deeper deposits:
  - Deposits typically have more complex geology requiring more detailed information for mine planning
  - Increased drilling requirements to locate mineral deposits and ascertain economical viability of mining
- Development and improvement of mining technologies improving capability to mine at greater depths
- DDH1 drill fleet capability and technical expertise can deliver deeper, more complex drill programs
- Directional drilling capability contributes to:
  - Increased accuracy of geological information for development and planning
  - Time and financial savings attributed to drilling multiple branch holes from one main hole



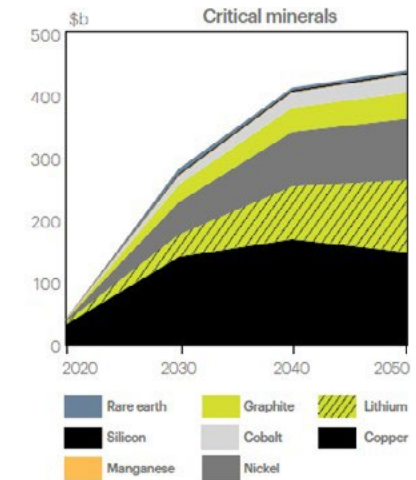
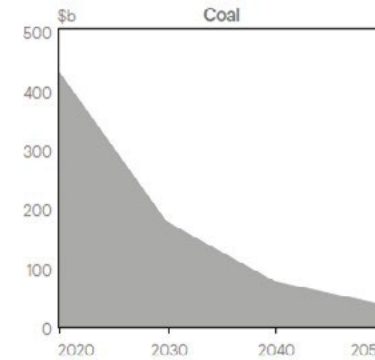
Source: MinEx Consulting.



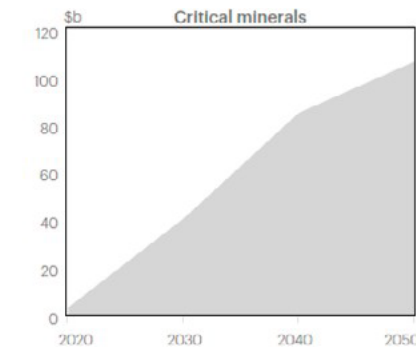
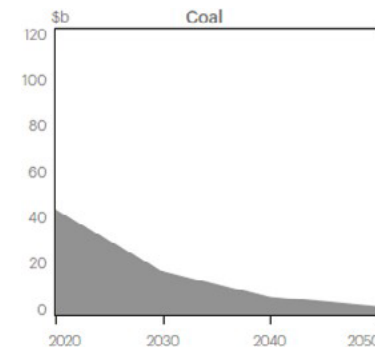
# SUSTAINED GROWTH DRIVEN BY RENEWABLE ENERGY TRANSITION

- Global transition to renewable energy
- Renewable energy sources underpinned by mineral intensive technologies
- Exploration and mining for these minerals provides long-term drilling activity growth
- Australia well-positioned given sizeable resource base across Lithium, Copper, Nickel, Cobalt, Bauxite, Titanium, Vanadium, PGE and Rare Earths
- Cumulative mineral demand forecasts for renewable installed capacity to 2050 indicate sustained long term demand

**GLOBAL MARKET VALUE (USD, 2019 PRICES)**

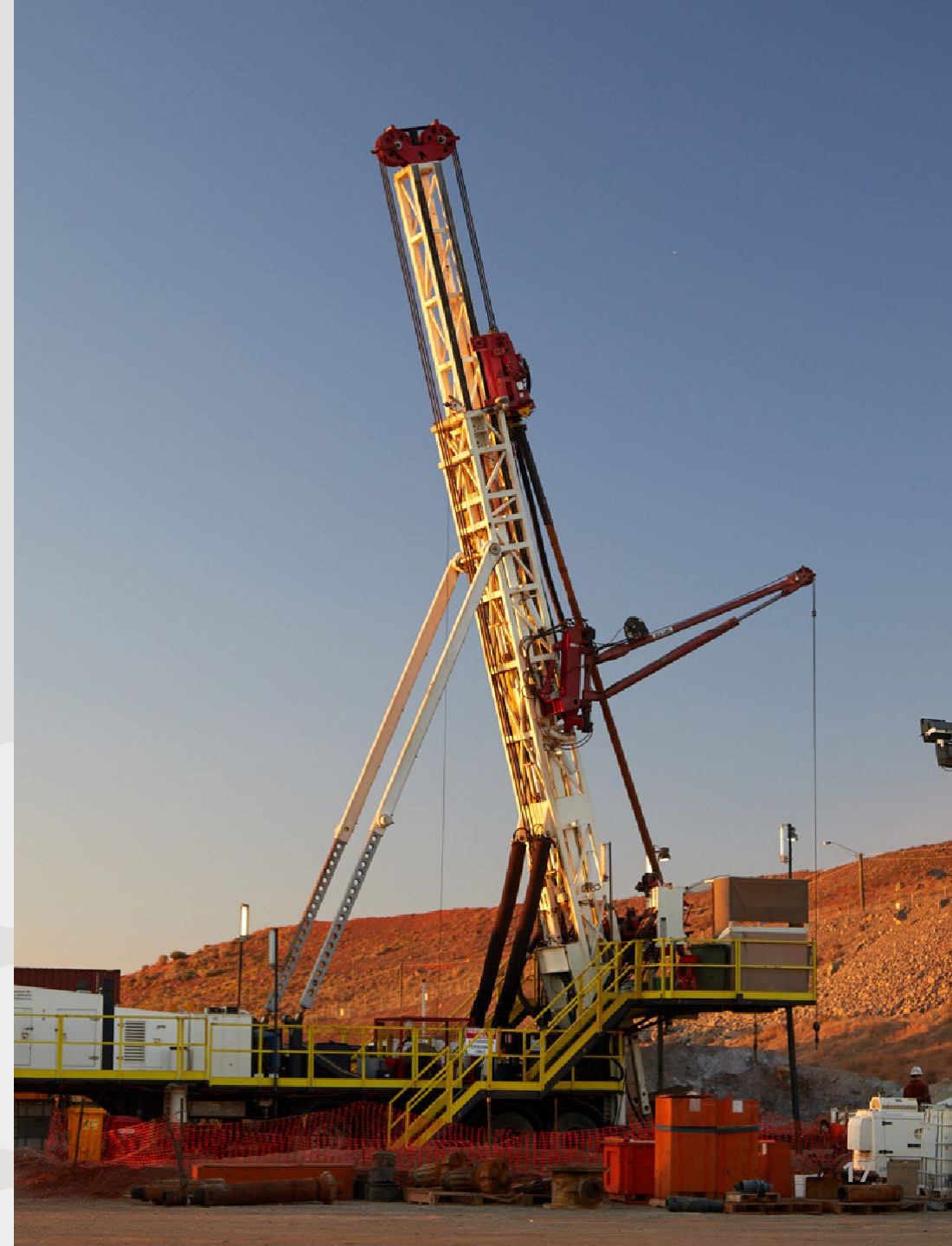


**AUSTRALIAN REVENUE ASSUMING CONSTANT MARKET SHARE**





# OUTLOOK AND SUMMARY



# STRATEGIC GROWTH FOCUS



**EXPAND LONG-TERM  
EXCLUSIVE FULL-SERVICE  
DRILLING RELATIONSHIPS**

**PURSUE ORGANIC  
GROWTH VIA FLEET  
EXPANSION, RATE  
INCREASES AND  
INCREASED UTILISATION**

**ACQUIRE HIGH QUALITY  
AND COMPLEMENTARY  
DRILLING BUSINESSES  
THAT BRING  
ADDITIONAL DIVERSITY**

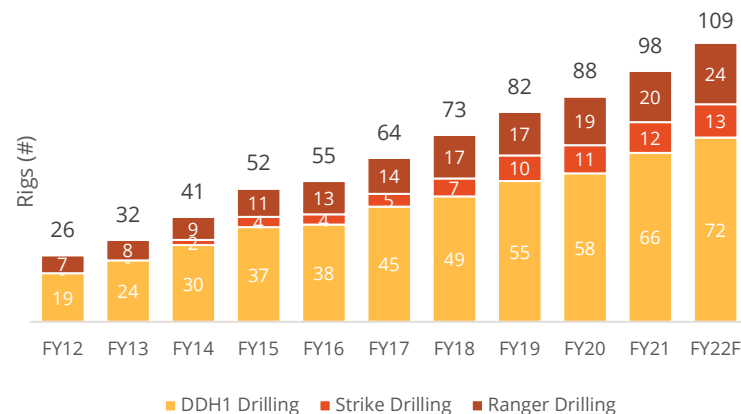
**FOCUS ON COMMODITY  
INPUTS INTO  
RENEWABLE  
TECHNOLOGIES AND  
INNOVATIONS**

**LEVERAGE SWICK'S  
INTERNATIONAL  
PRESENCE AS A SOLID  
FOUNDATION FOR  
INTERNATIONAL  
EXPANSION**

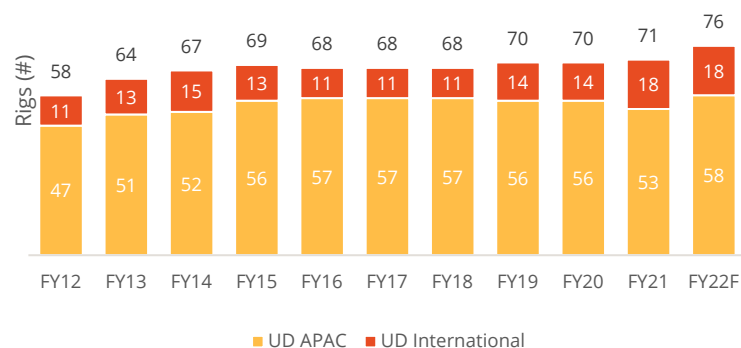
# WELL POSITIONED TO INCREASE UTILISATION

- DDH1 and Swick combined fleet of 176 rigs\* is the largest in the Australian market
- Australian industry total rig fleet declined since peak in 2012
- High market utilisation reflects increased demand for drilling services
- Organic fleet growth positions DDH1 to leverage industry fleet shortfall, meet increased demand and maintain high rig utilisation
- Combined fleet has grown at a CAGR of 8% for the last 10 years

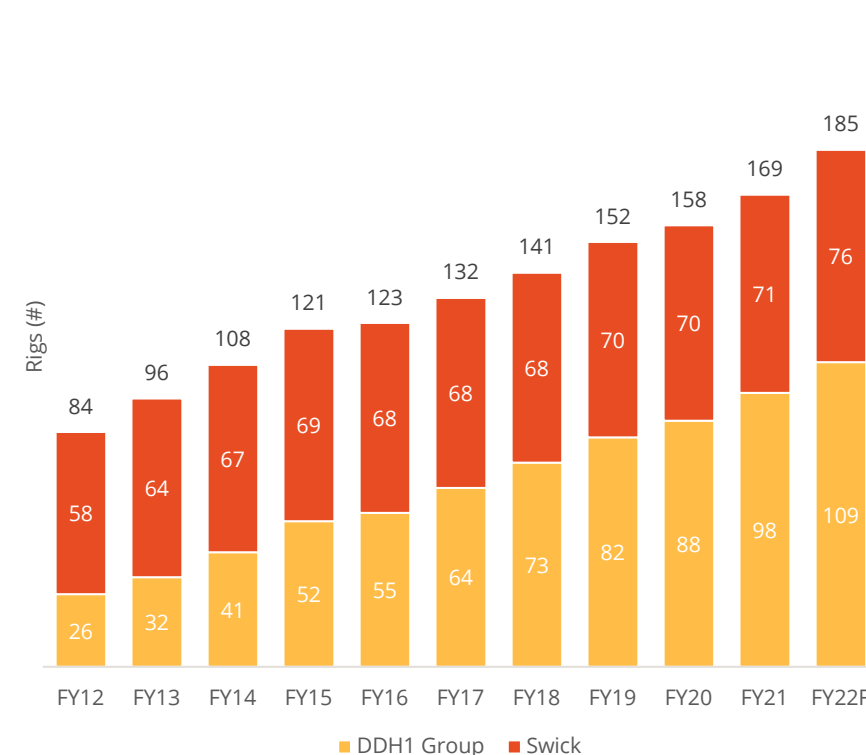
### DDH1 GROUP



### SWICK



### DDH1 GROUP + SWICK



\* At 31 December 2021

# SUMMARY

Strong industry fundamentals driving demand

A stronger business with quality revenue

Robust balance sheet

Positioned to pursue organic and acquisitive growth opportunities

Strong leadership team with a proven track record



# THANK YOU

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