

Investors' Corner

Citiplace, Perth
for ASA, 19th October 2023
Convenor: Mark Dixon



Citiplace - Emergency Procedure

- ▶ If smoke is detected, or fire alarm is raised, follow exit signs
- ▶ Upon evacuating the building, meet at ***designated area***
- ▶ Do not use lift in an emergency
- ▶ **Designated area**
 - ▶ Turn right from the Citiplace Centre and proceed over the bridge to the pond area past the Art Gallery, if safe to do so.
 - ▶ Regroup there for head count if safe to do so.
 - ▶ If emergency personnel instruct differently then follow their directions.

Disclaimer

- ▶ The Australian Shareholders' Association (ASA) has provided the facilities for this meeting to provide general information about the ASA and to stimulate interest in financial markets.
- ▶ The ASA is not licensed to give financial advice.
- ▶ Presentations made here are not designed to provide any specific investment advice to any person present.
- ▶ The ASA does not accept any responsibility to inform you of any matter that subsequently comes to our notice that may affect any of the information discussed.
- ▶ Anyone wishing to act on any matter discussed should seek independent advice from a licensed financial adviser.

Agenda

- ▶ Intro – welcome, emergency procedure, disclaimer
- ▶ Bob Kelliher - DDH1 & Perenti Scheme
- ▶ Peter Scales – Macro-technical, with discussion
- ▶ Mark Dixon – what can we learn from SPIVA?
- ▶ David Brooke - Uranium update
- ▶ Additional material for the group
- ▶ Next meeting – 16th November
- ▶ Close ~ noon.



Bob Kelliher

Scheme of Arrangement

Perenti and DDH1



7. Profile of the Combined Group

Upon implementation of the Scheme, the Combined Group will represent the combined operations of Perenti and DDH1.

7.1 Business Units

The Combined Group will comprise the following divisions:



DDH1 SHAREHOLDERS TO VOTE ON PERENTI TRANSACTION

DDH1 Limited (ASX: DDH) ("**DDH1**") refers to its announcement of 26 June 2023 that it had entered into a Scheme Implementation Agreement with Perenti Limited (ASX: PRN) ("**Perenti**") for a proposed scheme of arrangement under which Perenti would acquire 100% of the shares on issue in DDH1 ("**Scheme**").

Court has made orders convening the Scheme Meeting

Earlier today, the Federal Court of Australia made orders:

- directing DDH1 to convene a meeting of DDH1 shareholders to consider and vote on the Scheme ("**Scheme Meeting**"); and
- approving the dispatch of an explanatory statement providing information about the Scheme together with the notice of the Scheme Meeting (together, the "**Scheme Booklet**").

Scheme Meeting

The Scheme Meeting, at which DDH1 shareholders will vote on the proposed Scheme, is scheduled to take place at 1:00pm (Perth Time) on Monday, 18 September 2023 and will be held at the Parmelia Hilton Hotel, Stirling Room, 14 Mill Street, Perth, and virtually via an online platform at: <https://meetnow.global/MXAKMFZ>.

Consideration VWAP and Implications for Scheme Consideration

DDH1 advises that for the purpose of calculating the Scheme Consideration payable to DDH1 shareholders if the Scheme is implemented, the Consideration VWAP is \$1.0480.

Accordingly, the Scheme Consideration will be, for each Scheme Share:

- the **Standard Consideration** of **0.6924 New Perenti Shares plus A\$0.1238 cash** (for Scheme Shareholders who elect, or who are deemed to have elected, to receive the Standard Consideration). The Scaleback Arrangements will not affect the Standard Consideration;
- the **Full Cash Consideration** of **A\$0.8494 cash** (for Scheme Shareholders who elect to receive the Maximum Cash Consideration), subject to the Scaleback Arrangements; or
- the **Full Scrip Consideration** of **0.8105 New Perenti Shares** (for Scheme Shareholders who elect to receive the Maximum Scrip Consideration), subject to the Scaleback Arrangements.

18 September 2023

DDH1 Shareholders Vote in Favour of Scheme of Arrangement

Perenti Limited (Perenti) (ASX: PRN) notes that DDH1 Limited (DDH1) (ASX: DDH) shareholders today voted in favour of the Scheme of Arrangement under which Perenti will acquire 100% of the shares on issue in DDH1.

Mark Norwell, Managing Director & Chief Executive Officer of Perenti said “The decision by DDH1 shareholders to vote in favour of the Scheme is another important milestone towards completion of the transaction. On behalf of the Perenti Board we thank the DDH1 shareholders and the Board of DDH1 for their support.

This is a compelling transaction bringing together two highly complementary businesses to create substantial value for both sets of shareholders.”

Implementation of the Scheme is expected to occur on 6 October 2023, subject to satisfaction or waiver of the remaining conditions precedent, including approval by the Federal Court.

Authorised by:

Mark Norwell

Managing Director & CEO

Australian Shareholders Association - for ASA use only

Oct-23



Type here to search



PRN ASX announce...



Scheme of Arrange...



21°C



1:06 PM
1/10/23



Market Index



	Indicative Scheme Consideration (av. per Scheme Share)	Number of DDH1 Shares to which the Election relates	Number of Electing DDH1 Shareholders
Standard Consideration	0.6924 New Perenti Shares and \$0.1238 cash	350,477,543	3,671
Maximum Cash Consideration	0.5263 New Perenti Shares and \$0.2978 cash	22,234,305	84
Maximum Scrip Consideration	0.8105 New Perenti Shares	31,253,432	136
Total	279,703,472 New Perenti Shares and \$50,010,496 cash	Oct-23 403,965,280	3,891

DDH1 SHAREHOLDERS TO VOTE ON PERENTI TRANSACTION

DDH1 Limited (ASX: DDH) (“**DDH1**”) refers to its announcement of 26 June 2023 that it had entered into a Scheme Implementation Agreement with Perenti Limited (ASX: PRN) (“**Perenti**”) for a proposed scheme of arrangement under which Perenti would acquire 100% of the shares on issue in DDH1 (“**Scheme**”).

Court has made orders convening the Scheme Meeting

Earlier today, the Federal Court of Australia made orders:

- directing DDH1 to convene a meeting of DDH1 shareholders to consider and vote on the Scheme (“**Scheme Meeting**”); and
- approving the dispatch of an explanatory statement providing information about the Scheme together with the notice of the Scheme Meeting (together, the “**Scheme Booklet**”).

Scheme Meeting

The Scheme Meeting, at which DDH1 shareholders will vote on the proposed Scheme, is scheduled to take place at 1:00pm (Perth Time) on Monday, 18 September 2023 and will be held at the Parmelia Hilton Hotel, Stirling Room, 14 Mill Street, Perth, and virtually via an online platform at: <https://meetnow.global/MXAKMFZ>.

DDH1 shareholders and their proxies, attorneys or corporate representatives will be able to attend the Scheme Meeting in person or participate in the Scheme Meeting electronically. DDH1 strongly encourages DDH1 shareholders to lodge a directed proxy in the event they are not able to attend the Scheme Meeting in person or participate in the electronic Scheme Meeting.

DDH1 Shareholders Vote in Favour of Scheme of Arrangement

Perenti Limited (Perenti) (ASX: PRN) notes that DDH1 Limited (DDH1) (ASX: DDH) shareholders today voted in favour of the Scheme of Arrangement under which Perenti will acquire 100% of the shares on issue in DDH1.

Mark Norwell, Managing Director & Chief Executive Officer of Perenti said “The decision by DDH1 shareholders to vote in favour of the Scheme is another important milestone towards completion of the transaction. On behalf of the Perenti Board we thank the DDH1 shareholders and the Board of DDH1 for their support.

This is a compelling transaction bringing together two highly complementary businesses to create substantial value for both sets of shareholders.”

Implementation of the Scheme is expected to occur on 6 October 2023, subject to satisfaction or waiver of the remaining conditions precedent, including approval by the Federal Court.

SCHEME OF ARRANGEMENT IMPLEMENTED

DDH1 Limited (ASX: DDH) ('**DDH1**' or '**Company**') advises that the scheme of arrangement pursuant to which Perenti Limited (ASX: PRN) ('**Perenti**') will acquire all the issued shares of DDH1 ('**Scheme**') has now been implemented.

Scheme Consideration

In accordance with the Scheme, all DDH1 shares have been transferred to Perenti. The Scheme consideration, comprising cash and/or New Perenti shares (in accordance with the Scheme and the respective Consideration Elections), has been paid and/or issued (as applicable) to DDH1 shareholders (other than 'Ineligible Overseas Shareholders' and 'Non-Rollover Unmarketable Parcel Shareholders', as those terms are defined in the Scheme Booklet).

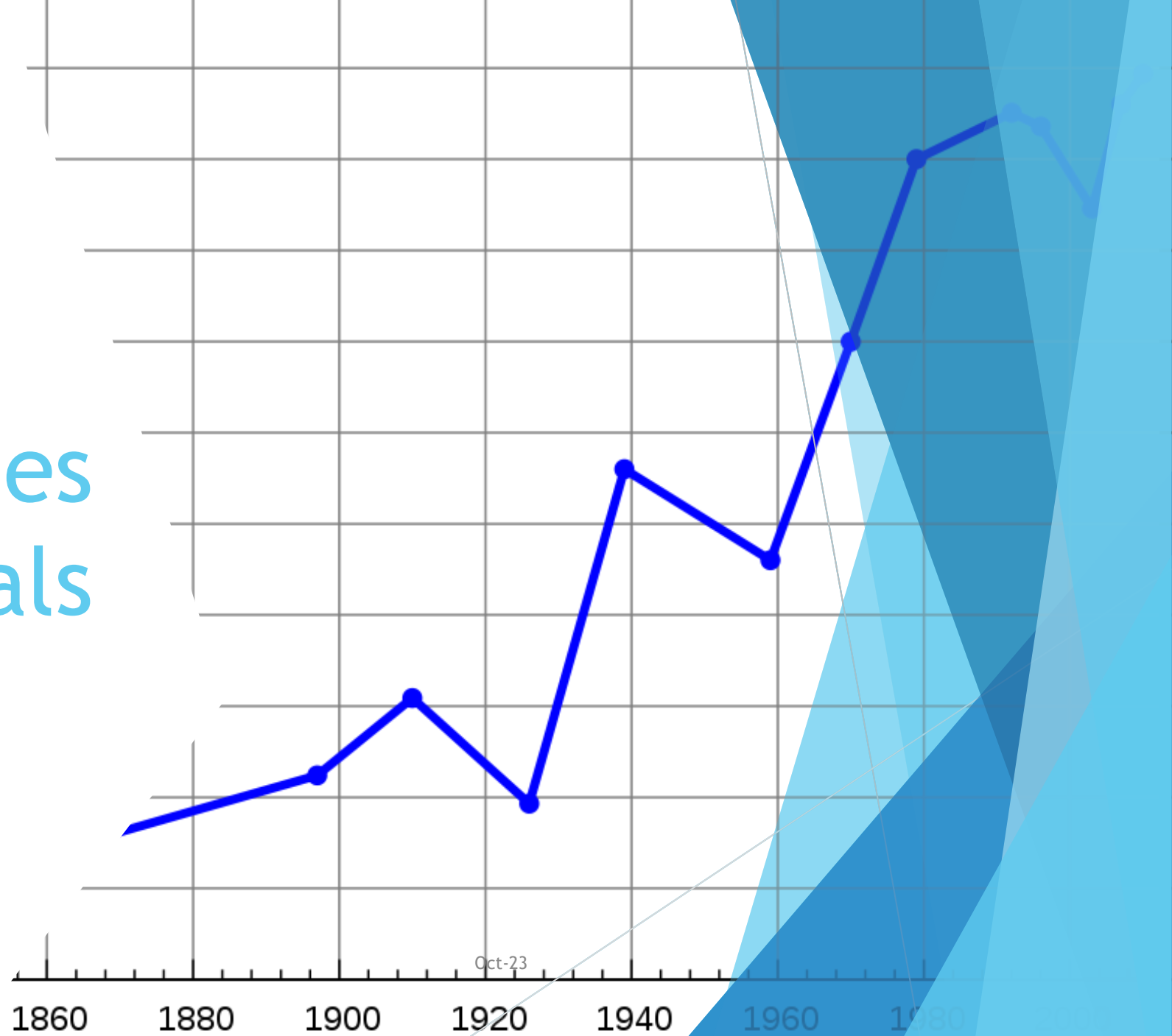
As at 5:00pm (AWST) on 29 September 2023 (**Record Date**), DDH1 advises that a total of:

- 3,985 DDH1 shareholders, holding a total of 308,576,974 fully paid ordinary shares in DDH1 (**DDH1 Shares**), made (or were deemed to have made) a valid election to receive the Standard Consideration;
- 93 DDH1 shareholders, holding a total of 43,987,866 DDH1 Shares, made a valid election to receive the Maximum Cash Consideration; and
- 143 DDH1 shareholders, holding a total of 51,400,440 DDH1 Shares, made a valid election to receive the Maximum Scrip Consideration.

Based on the above Consideration Elections, the Scaleback Arrangements applied to the Scheme Shareholders who have elected to receive the **Maximum Cash Consideration**, their Scheme Consideration will be in the form of both the Full Cash Consideration of approximately A\$0.8494 cash in relation to approximately 31.6% of their DDH1 shares held at the Record Date (equivalent to approximately A\$0.2685 cash per DDH1 share), and the Full Scrip Consideration of approximately 0.8105 New Perenti shares in relation to the remaining 68.4% of their DDH1 shares held at the Record Date (equivalent to approximately 0.5544 New Perenti shares per DDH1 share).

The Scaleback Arrangements did not apply to the Scheme Shareholders who elected to receive the Maximum Scrip Consideration (or the Standard Consideration).

Peter Scales Macro-Technical



ASX Sharemarket Game

ASA Perth City Group

League table - ASA Perth City Group

Rank 169 - Average portfolio value : \$46,888.44

Edit

Invite

#	Participant user name	Portfolio value
1	MDofPerth (Mark Dixon)	\$49,420.21
2	Lorraine (Lorraine Graham)	\$44,356.67

Australian Shareholders Association - for ASA use only

Oct-23



What can we learn
from SPIVA?

- Mark Dixon

S&P Global



SPIVA - Index vs Active

- ▶ Standard & Poors (S&P) bi-annual comparison of managed funds (Active) performance compared to their benchmark indices. i.e. “Index vs Active”.
- ▶ For the past 20 years S&P has done this for the US and for much of that time also for Australia, Canada, Europe, Japan and other markets.
- ▶ Compares funds to their benchmark index, e.g.: broad Aus managed investment funds to ASX200; US to S&P500; Aus REITs to S&P/ASX 200 Real Estate (XRE); Mid-cap funds to S&P/ASX Midcap 50 (XMD); smallcap funds to S&P/ASX Small Ordinaries (XSO); ... and so on.
- ▶ **Main take away:** most managed funds perform worse than their index, and over 3 to 5 to 10 years, almost all of them perform worse.



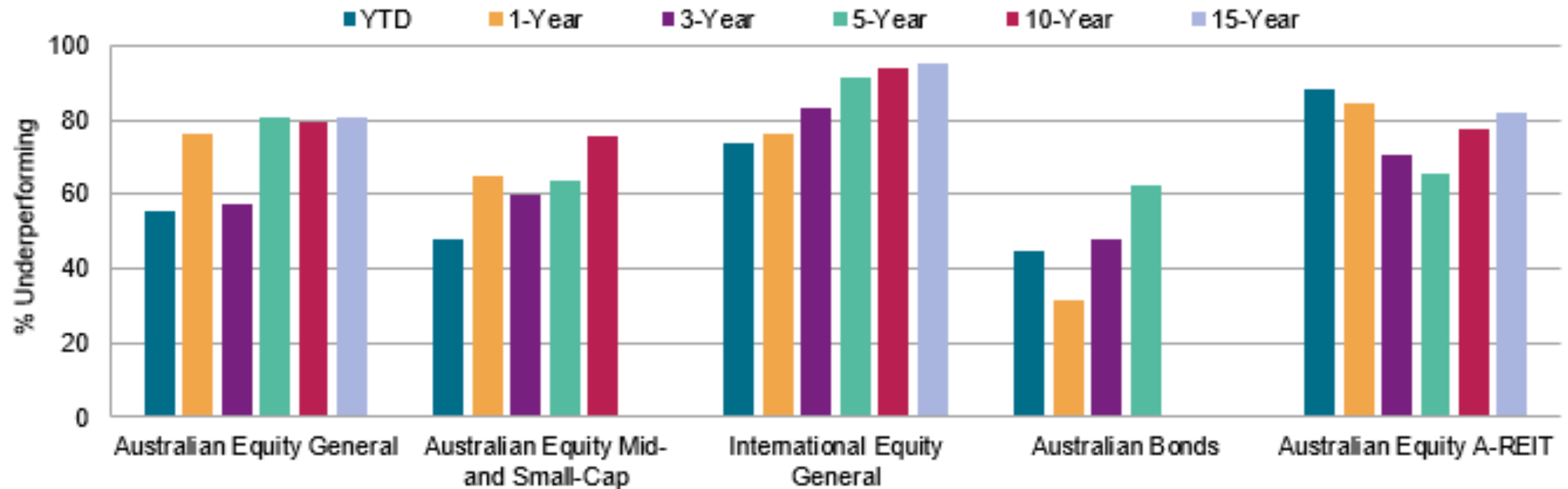
SPIVA report, Australia, Sept-2023

- ▶ Over 1 year - only 24% of General equity funds in Aus outperformed the ASX200 - 76% were worse.
- ▶ Over 5 years - only 19% outperformed ASX200 - 81% were worse!
- ▶ Similar failure rate for 10 and 15 years!
- ▶ Mid-cap & small-cap funds did a bit better than general equity but most still worse than their index.
- ▶ Aust-REITs similar failure rate to general equity.
- ▶ However, bond funds did better than their index, at least for 1 year (not for 5 years though).



SPIVA for Australia - at mid-2023

Exhibit 1: Percentage of Underperforming Active Australian Funds

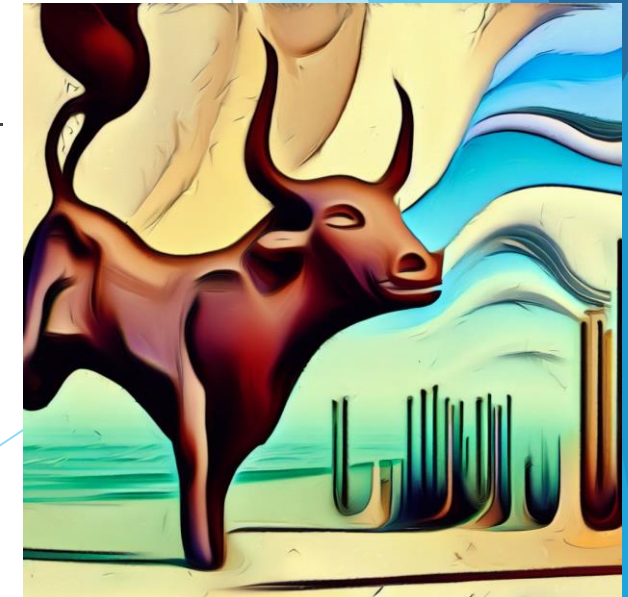


Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2023. Past performance is no guarantee of future results. Chart is provided for illustrative purposes. Underperformance rates for the Australian Equity Mid- and Small-Cap and Australian Bonds categories are reported for time horizons over which the respective benchmark indices were live.

Alternative to SPIVA - Morningstar APB

MorningStar Active Passive Barometer (APB) is a similar evaluation to SPIVA

- ▶ APB claims that to mid-year 2023 more than half (57%) US active funds beat their benchmark over that 12 months.
- ▶ APB claims same for US based funds that use International shares - 63% vs 33% in previous year (I.e. most managed funds underperformed index last year).
- ▶ However the longer term success is still poor - “the likelihood and performance penalty for picking an underperforming manager tends to be greater than the probability and reward for finding a winner” - and that is only for funds that actually survived.
- ▶ APB: “The cheapest active funds succeeded more often than the priciest ones. Over the 10 years through June 2023, nearly 31% of active funds in the cheapest quintile beat their average passive peer, compared with 19% for those in the priciest quintile.”
- ▶ APB is US focused, no Australia report like SPIVA does.





David Brooke — Uranium update

ARMAGEDDON..

The Uranium Bull Market - Catching the wave

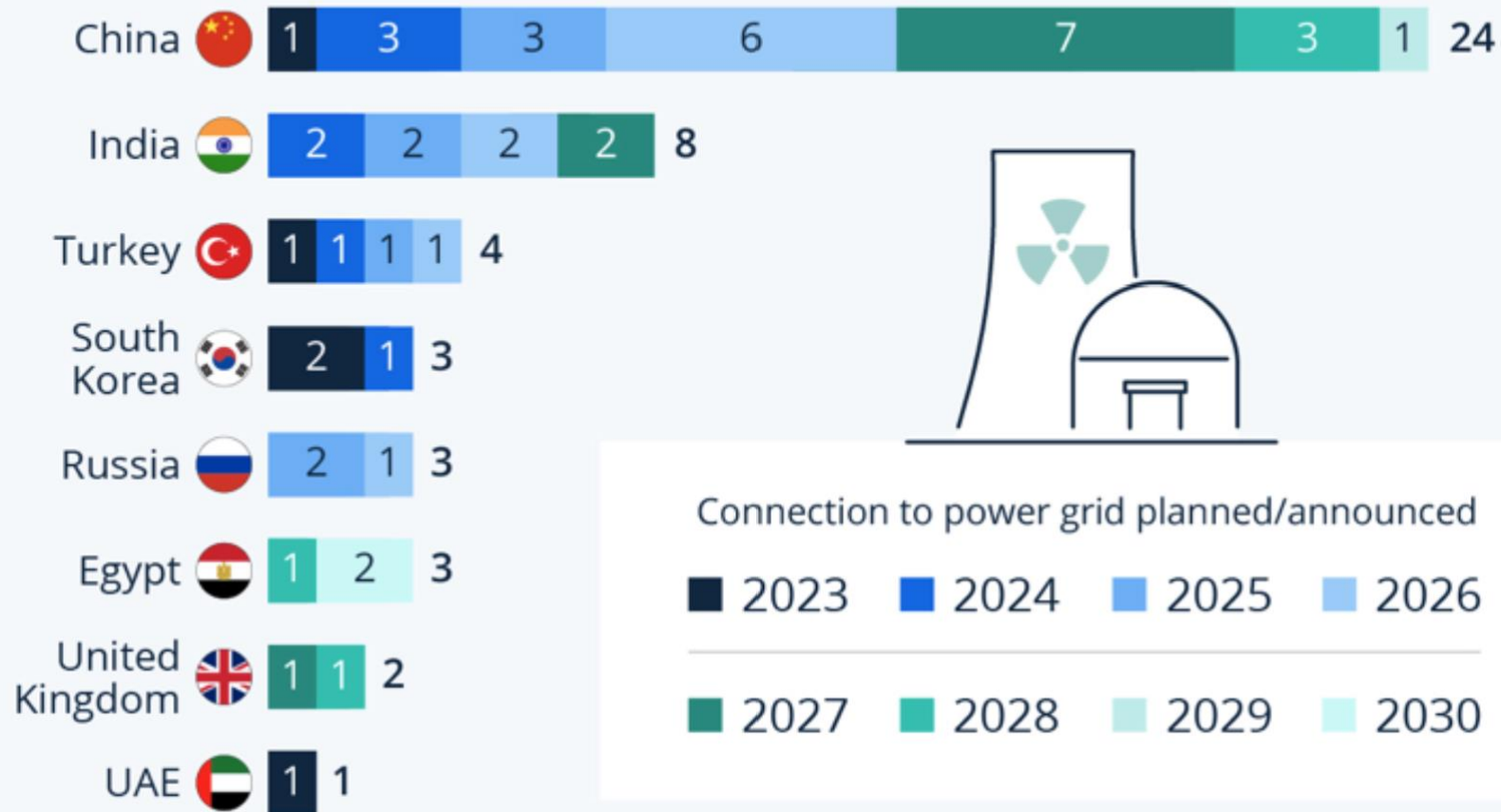
- David Brooke



CityPlace
Group
Presentation -
19th Oct 2023

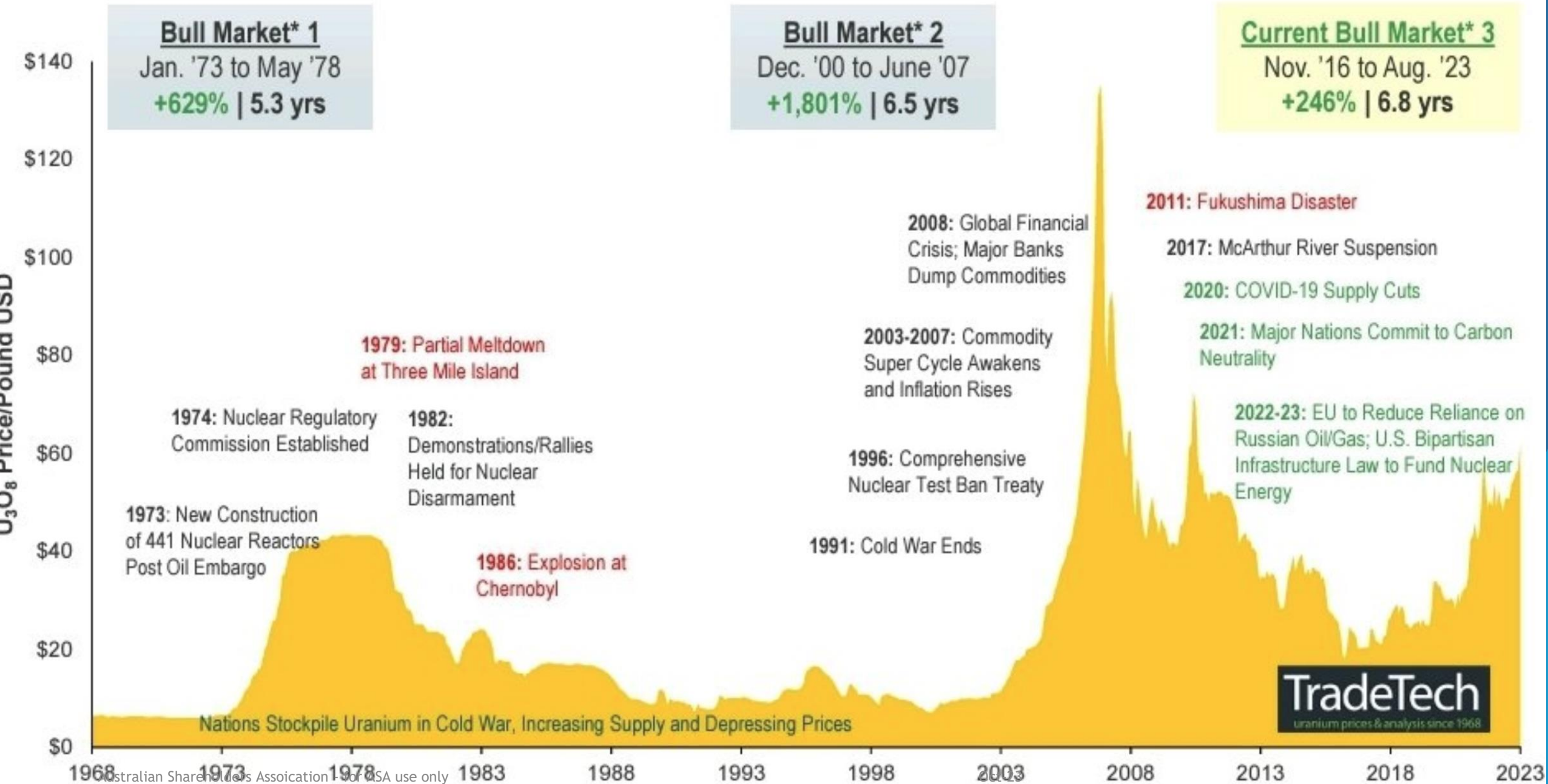
The Countries Committing to Nuclear Power

Countries with the most nuclear power plants currently under construction*



* Excluding plants whose construction is currently paused

Source: World Nuclear Association



* A "bull market" refers to a financial markets condition when prices are generally rising. A "bear market" refers to financial market conditions when prices are generally falling.

Current 12 months Uranium spot price performance

But it's Term Price that matters

Catalysts - last 2 yrs

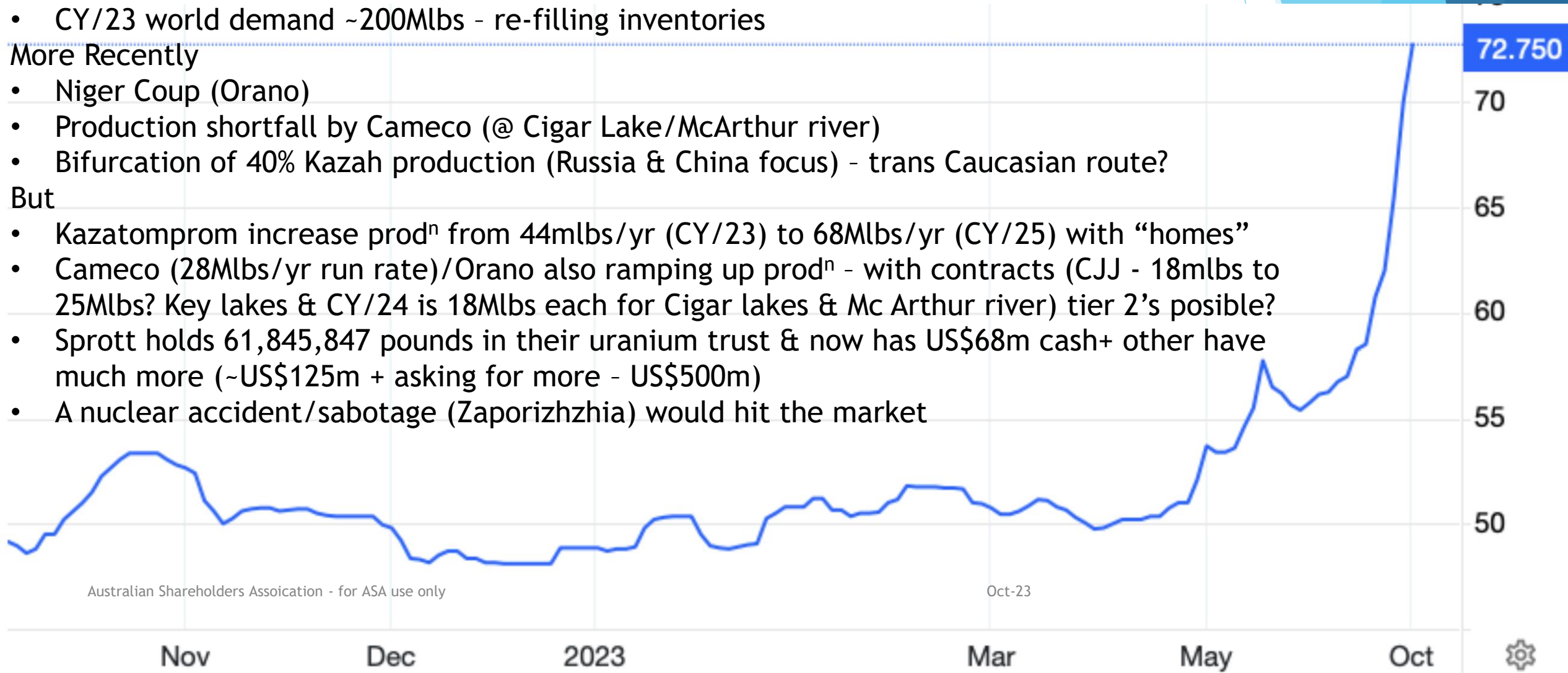
- Net Zero (realization that emissions free “firming” is essential)
- Ukraine Invasion - loss of Russian production, Enrichment & conversion)
- CY/23 world demand ~200Mlbs - re-filling inventories

More Recently

- Niger Coup (Orano)
- Production shortfall by Cameco (@ Cigar Lake/McArthur river)
- Bifurcation of 40% Kazah production (Russia & China focus) - trans Caucasian route?

But

- Kazatomprom increase prodⁿ from 44mlbs/yr (CY/23) to 68Mlbs/yr (CY/25) with “homes”
- Cameco (28Mlbs/yr run rate)/Orano also ramping up prodⁿ - with contracts (CJJ - 18mlbs to 25Mlbs? Key lakes & CY/24 is 18Mlbs each for Cigar lakes & Mc Arthur river) tier 2's possible?
- Sprott holds 61,845,847 pounds in their uranium trust & now has US\$68m cash+ other have much more (~US\$125m + asking for more - US\$500m)
- A nuclear accident/sabotage (Zaporizhzhia) would hit the market

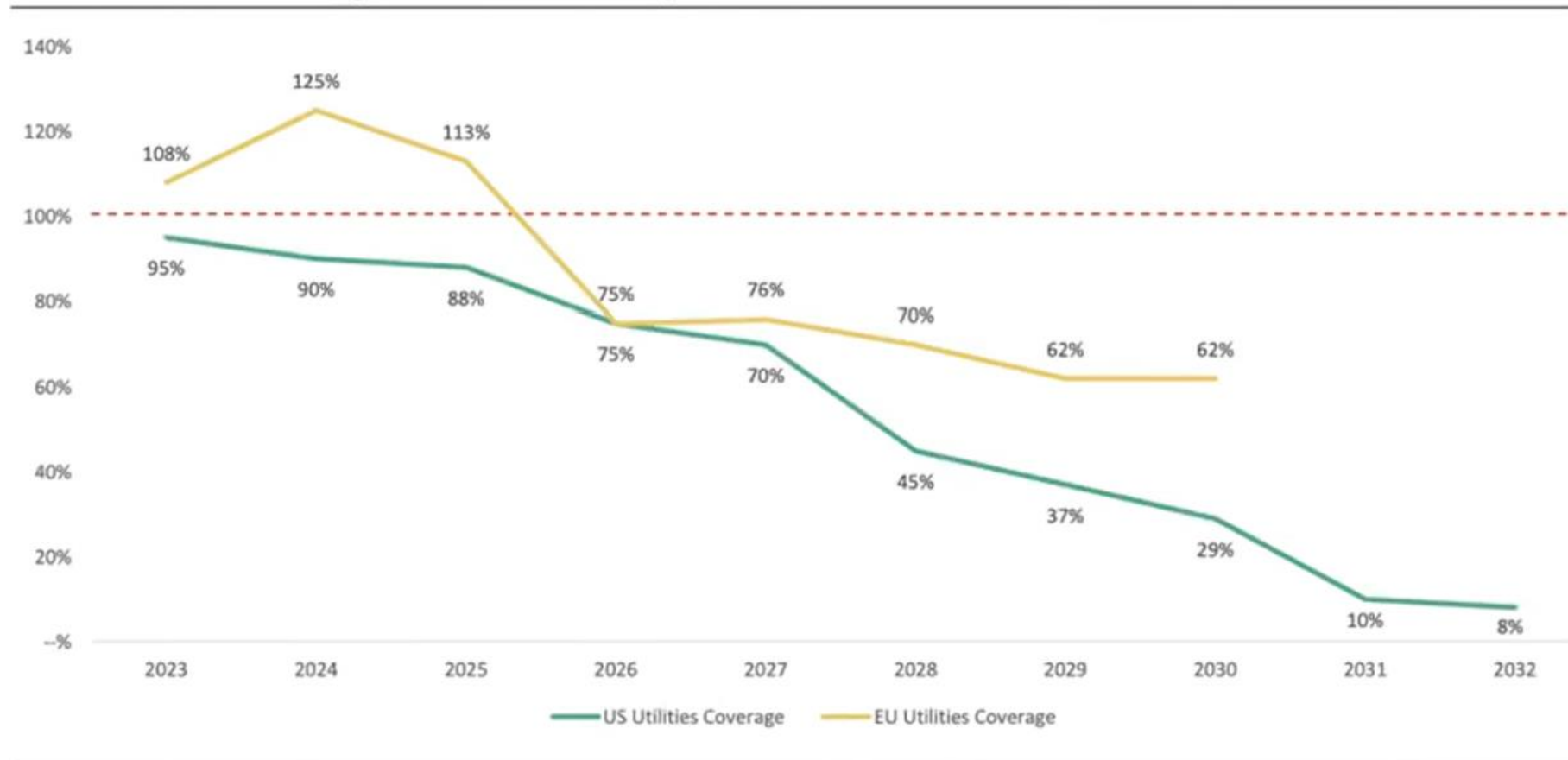


Long-term contracts are being replaced



Increased term contracting activity during 2022 was one factor leading to the spot price rise

Future contracted coverage rates of US and European utilities^(1,2)



Australian Shareholders Association - for ASA use only

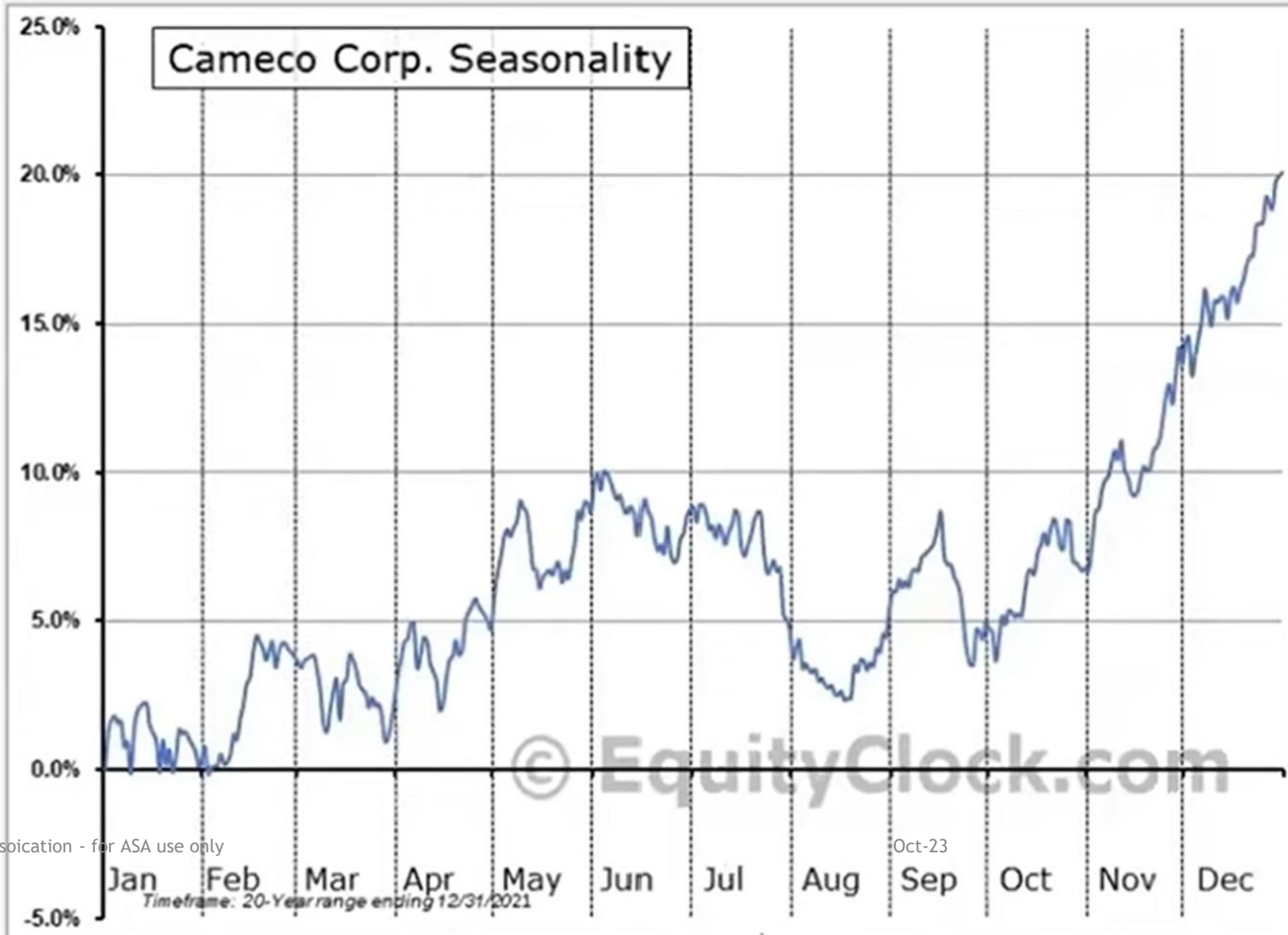
Source:

1) US Energy Information Administration: Maximum anticipated uranium market requirements of owners and operators of U.S. civilian nuclear power reactors, 2023-2032, at end of 2022 (June 2023)

2) Euratom Supply Agency Annual Report 2021 (2022)

Oct-23

Arithmetic Average Seasonal Chart



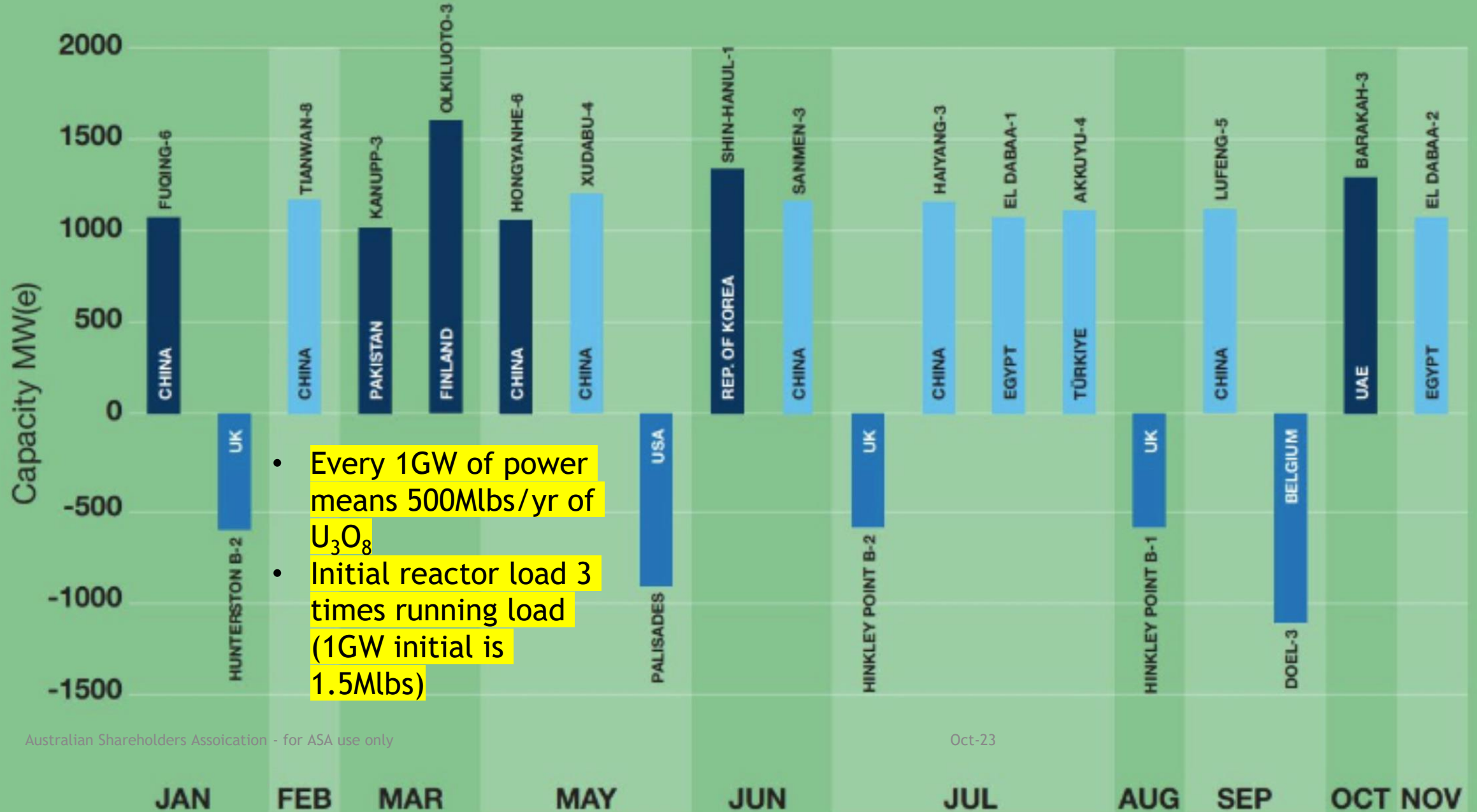
URA/URNM/URNJ "Mandated" Buying/Selling



2023

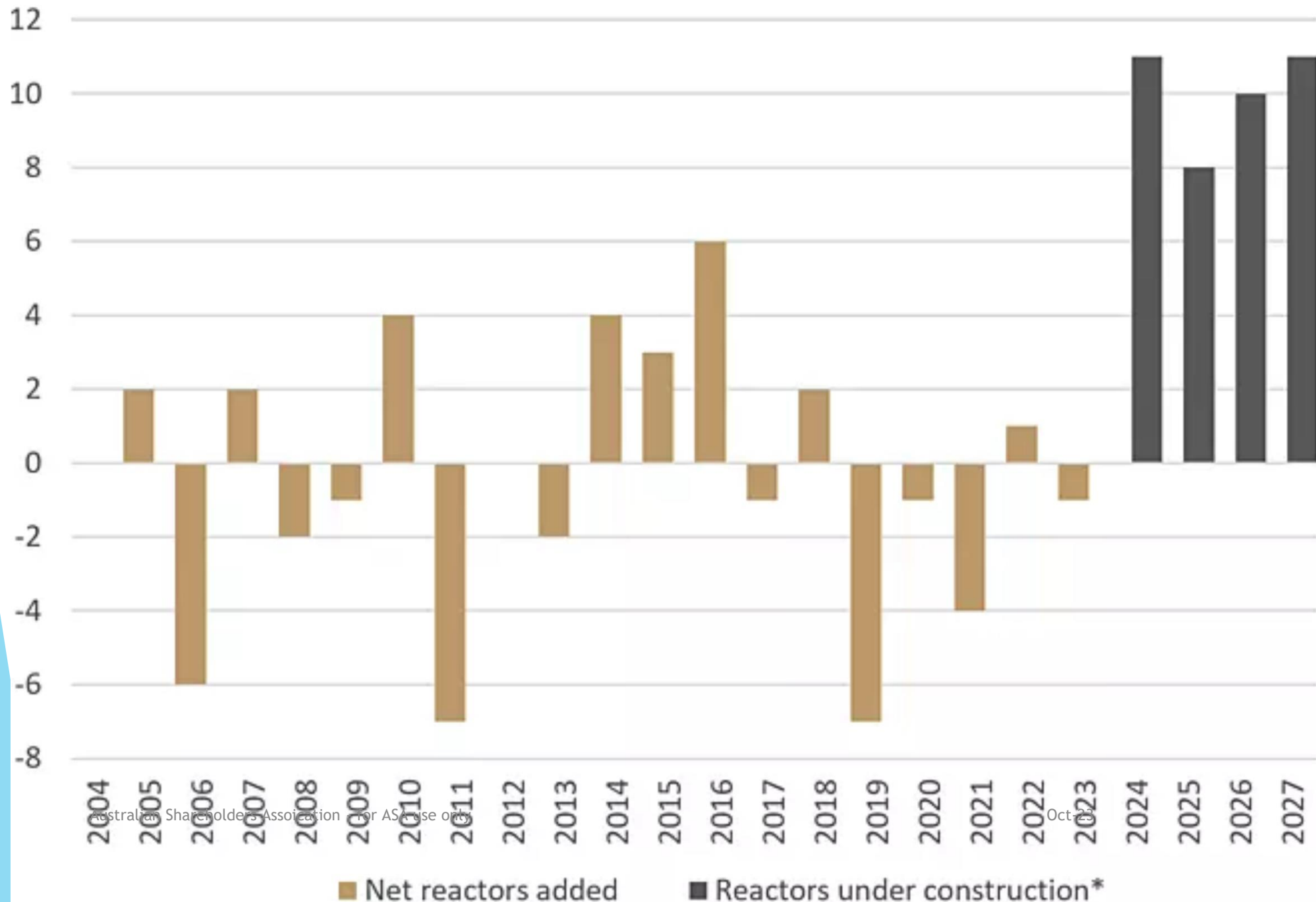
Status changes

■ New connections to the grid ■ Permanent shutdown ■ Construction started



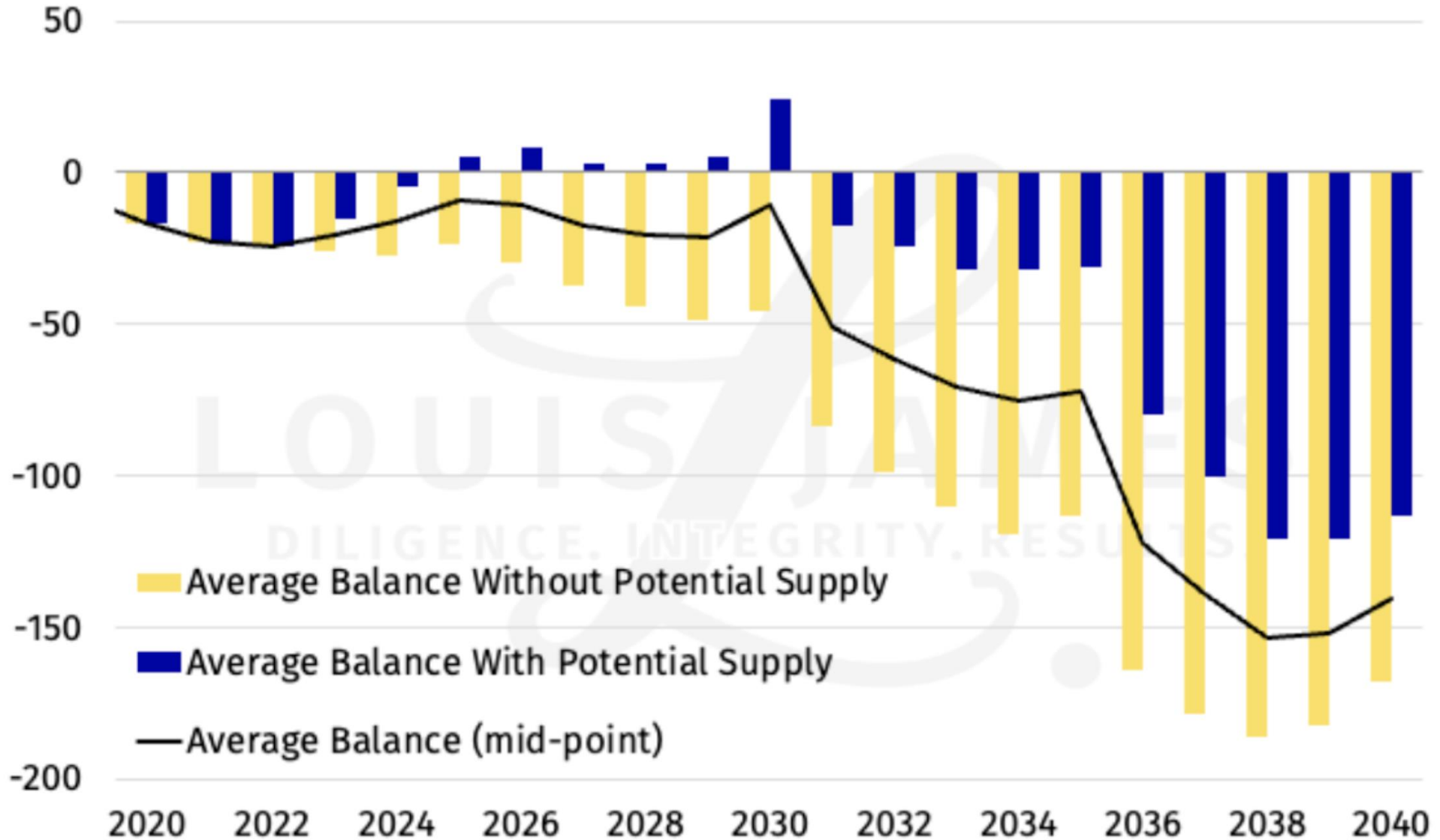
- Every 1GW of power means 500Mlbs/yr of U_3O_8
- Initial reactor load 3 times running load (1GW initial is 1.5Mlbs)

Reactors Connected to Grid



Uranium Market Balance

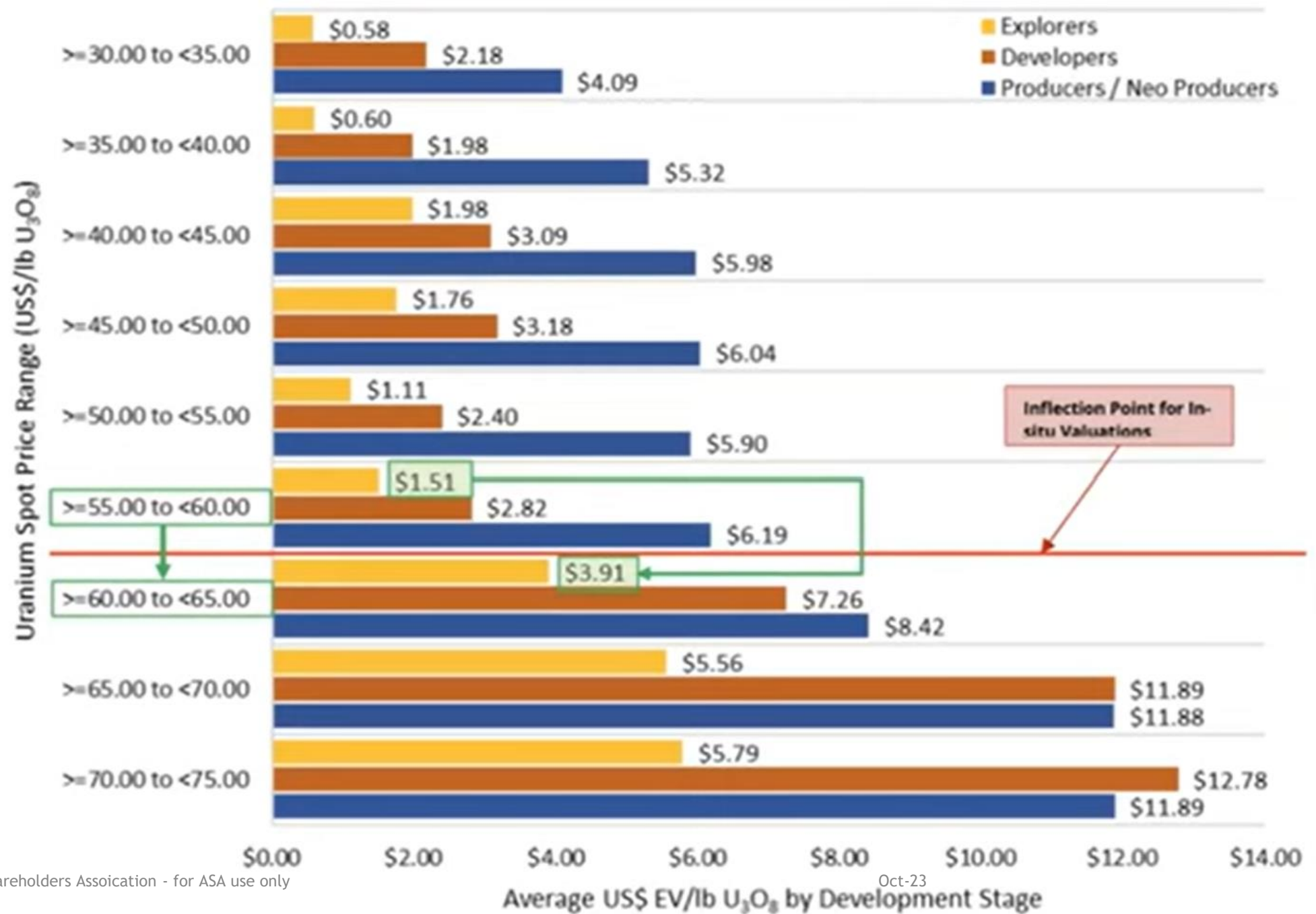
U3O8, Million Pounds



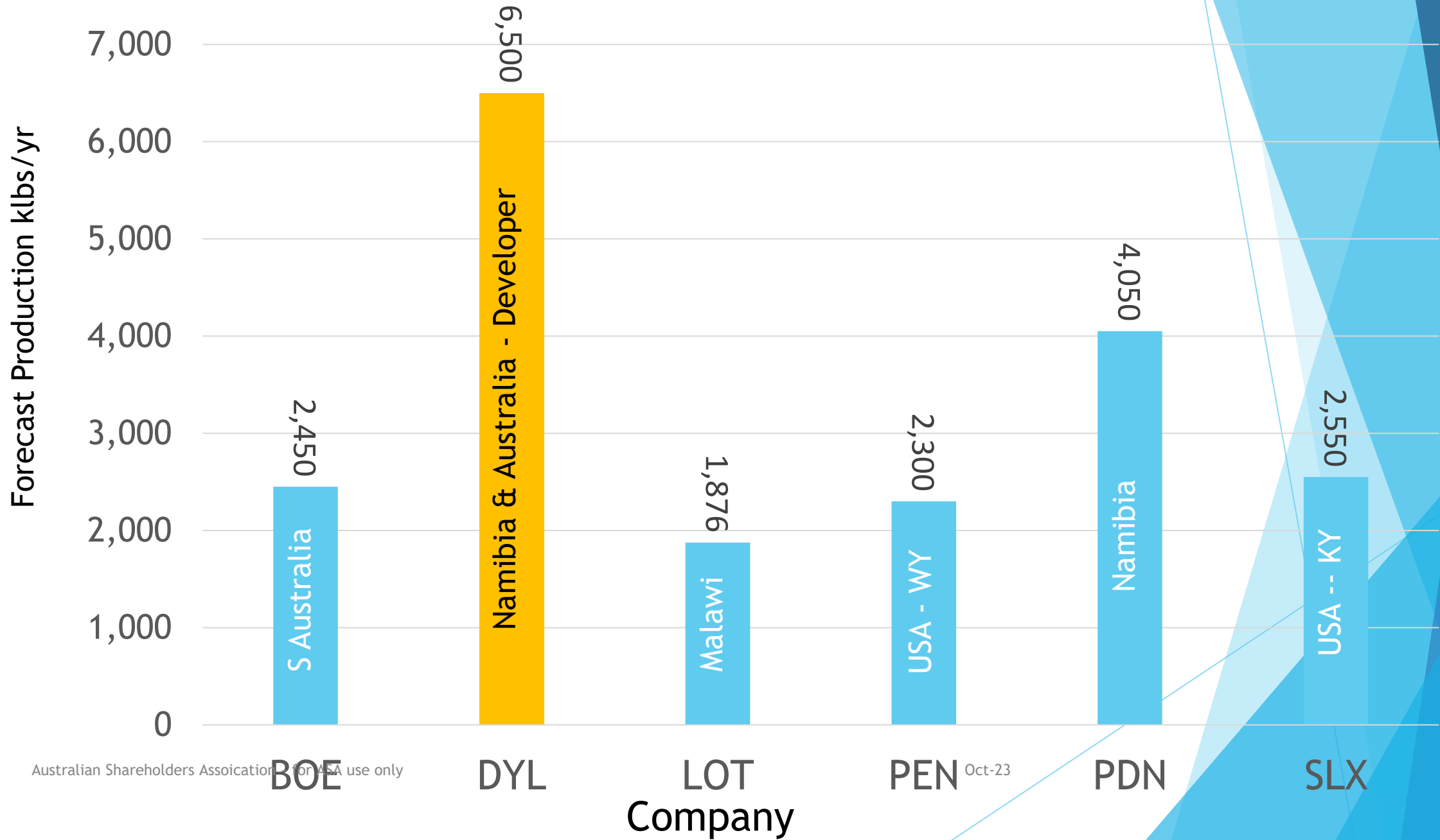
Australian Shareholders Association - for ASA use only

Oct-23

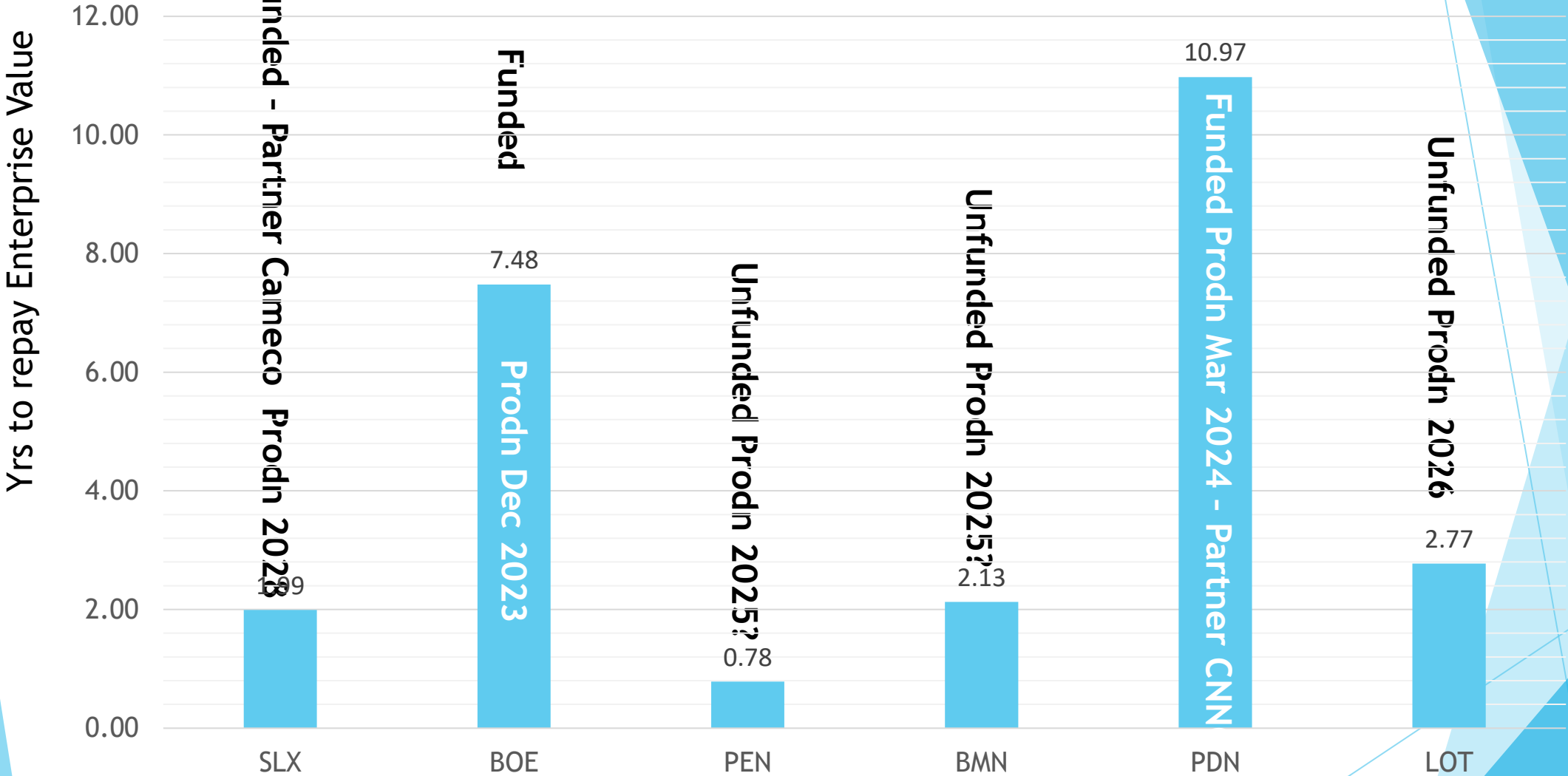
Source: WNA, IAEA, NEA, UxC, Company Data, Morgan Stanley, Cantor Fitzgerald, TradeTech,



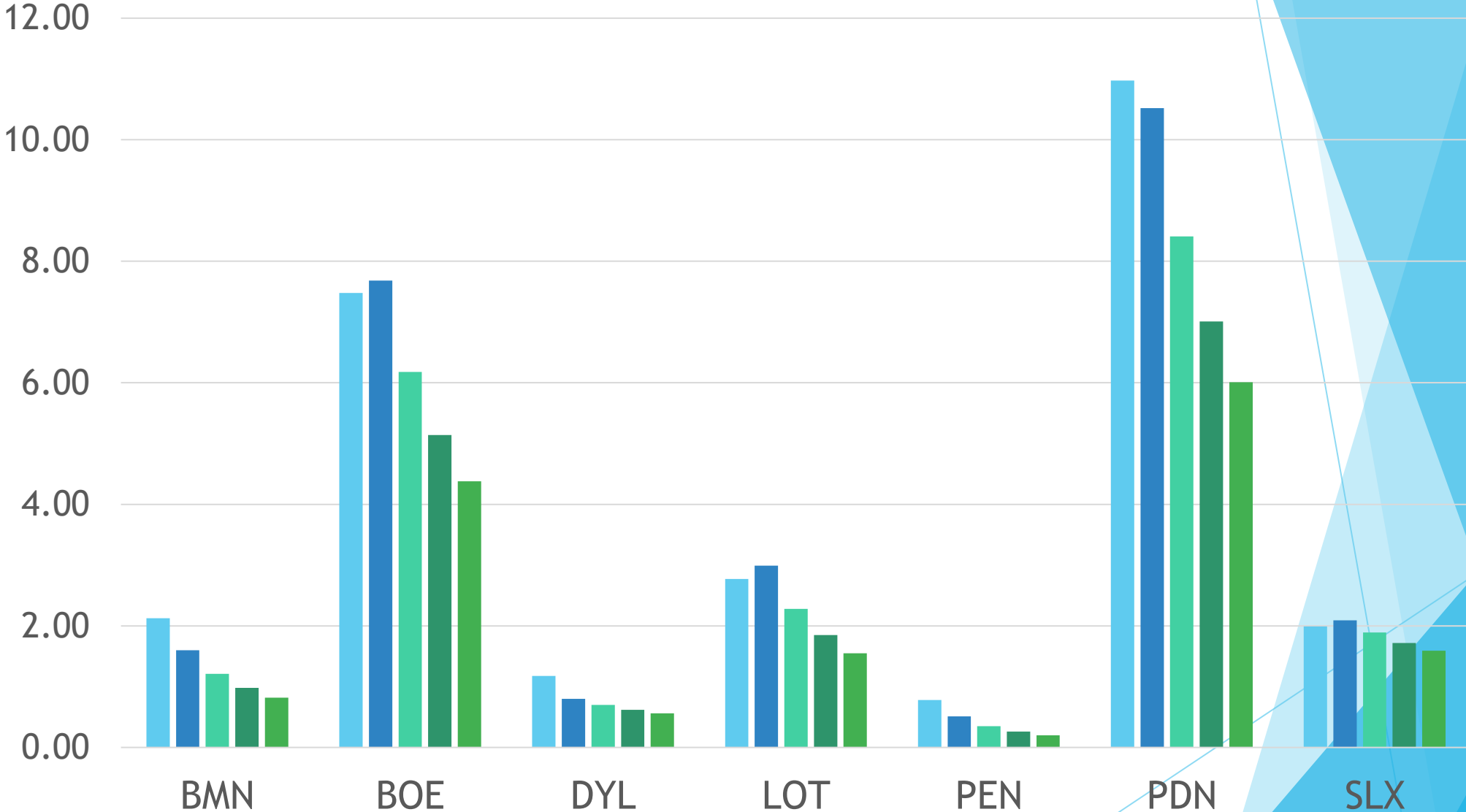
Production (lbs/yr)



Enterprise value Payback (yrs) - re-starts only



EV Payback by Uranium Price



Australian Shareholders Association - for ASA use only

Oct-23
■ US\$68/lb ■ US\$70/lb ■ US\$80/lb ■ US\$90/lb ■ US\$100/lb

Close

- ▶ **Our next meeting:** Thursday, 23rd November 10 am, Citiplace.
- ▶ **Other ASA groups:**
 - ▶ 25 October - Busselton Discussion
 - ▶ 26 October - Nedlands Discussion
 - ▶ 27 October - Perth South of the River (Bull Creek)
 - ▶ 14 November - Perth Member's Meeting & Investors Forum
- ▶ **See:**
https://australianshareholders.com.au/Public/Education_events/Member_meetings.aspx