# Australian Securities Exchange Notice

16 February 2024 ASX: DRR

## Half-Year Report for the period to 31 December 2023

Deterra Royalties Limited (ASX: DRR) (**Deterra** or **Company**) is pleased to release its Interim Results for the half-year ended 31 December 2023 (1H24).

**Highlights:**

- Royalty revenue increased 23% to $119.0 million (1H23: $96.4 million)
- EBITDA of $113.4 million at a margin of 95%
- Fully franked interim dividend of 14.89 cents per share declared representing 100% of NPAT
- The South Flank expansion project remains on track to reach complete ramp up and reach full nameplate capacity by end of FY2024[1]
- Mining Area C production volumes decreased 3% to 61.0 million wet metric tonnes (1H23: 62.7 million wet metric tonnes)

**Key Points of Note**:

| **$ million, unless otherwise stated** | **1H24** | **1H23** | **Inc/(dec)** |
|---|---|---|---|
| Royalty Revenue | 119.0 | 96.4 | 23.4% |
| EBITDA | 113.4 | 91.7 | 23.6% |
| EBITDA Margin | 95% | 95% | 0.2% |
| Net Profit After Tax (NPAT) | 78.7 | 63.4 | 24.2% |
| Dividend – interim (cps) | 14.89 | 12.00 | 24.1% |
| **Dividend as % NPAT** | **100%** | **100%** | |

Deterra's Managing Director, Julian Andrews, said *"I am pleased to report another period of strong financial performance as Deterra's world class Mining Area C Royalty asset continues to perform, delivering significant revenue growth on the back of strong iron ore pricing.*

*We continue to evaluate opportunities to grow the Company's portfolio through value-accretive investment in bulk, base and battery commodities and in that regard during the half we have continued to see a high level of activity. With the increasing cost and reduced risk appetite we have seen in broader capital markets, as well as greater volatility in commodity markets, we believe that*

[1] BHP Operational Review for the half year ended 31 December 2023

*our long-term outlook and short-term liquidity, supported by our previously announced increase in our bi-lateral facilities, position us well to execute on these growth ambitions over time."*

**Overview of Financial Performance**:

Revenue for the period was $119.0 million, an increase of 23% on the prior comparative period due to the higher Mining Area C revenue of $118.4 million, with 28% year over year higher realised iron ore sales price offset by 4% lower sales volume. Revenue from the Yoongarillup and Wonnerup assets was in line with the prior period at a combined $0.5 million.

Total costs for the period were $5.8 million[2], an increase of $0.9 million on the prior period largely due to an increase in business development expenses as the volume of growth opportunities assessed in detail increased. Net financing costs of $0.7 million were broadly in line with 1H23.

**Dividend**:

The Board has determined to pay a fully franked, interim dividend to eligible Deterra Shareholders of $78.7 million or 14.89 cents per share. This amounts to 100% of NPAT. The dividend is expected to be paid on 21 March 2024 to shareholders of record on 23 February 2024.

**1H24 Financial Results Teleconference**:

Deterra's Managing Director and Chief Executive Officer, Julian Andrews, and Chief Financial Officer, Jason Clifton, will host a conference call for equity markets participants to discuss the 1H24 financial results. The conference call will take place at 10:30am (AEST) on Friday, 16 February 2024. The live audio webcast and on-demand replay of the results briefing will be available at www.deterraroyalties.com and via the following link:

https://edge.media-server.com/mmc/p/348krdn9

This document was approved and authorised for release by Deterra's Managing Director.

**Bronwyn Kerr**
Company Secretary

**Investor and media enquiries:**

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Chief Financial Officer
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[2] Total Costs of $5.8 million includes $4.3 million of operating expenses, $1.3 million of business development expenses and $0.2 million of depreciation and amortisation.

# DETERRA ROYALTIES LIMITED

**ABN 88 641 743 348**

# HALF-YEAR REPORT

**for the half-year ended 31 December 2023**

# Contents

# APPENDIX 4D
# RESULTS FOR ANNOUNCEMENT TO THE MARKET

Financial statements for the half-year ended 31 December 2023 as required by ASX listing rule 4.2A

| Report for the half year ended 31 December 2023 | 1H24 $'000 | 1H23 $'000 | Up/Down | Movement % |
|---|---|---|---|---|
| Revenue from ordinary activities | $118,984 | $96,409 | ↑ | 23% |
| Net profit after tax attributable to members (from ordinary activities) | $78,721 | $63,381 | ↑ | 24% |
| Net profit after tax attributable to members | $78,721 | $63,381 | ↑ | 24% |

| Dividend Information | Cents per share | Franked amount | Tax rate for franking |
|---|---|---|---|
| Interim 1H24 declared dividend per share | 14.89 | 100% | 30% |
| Final 2023 dividend per share (paid 19 September 2023) | 16.85 | 100% | 30% |
| Interim 1H23 declared dividend per share (paid 23 March 2023) | 12.00 | 100% | 30% |
| Final 2022 dividend per share (paid 21 September 2022) | 22.08 | 100% | 30% |

**Interim dividend dates**

| | |
|---|---|
| Ex-dividend date | 22-Feb-24 |
| Record Date | 23-Feb-24 |
| Payment Date | 21-Mar-24 |

| Tangible assets | 31-Dec-23 | 31-Dec-22 |
|---|---|---|
| Net tangible assets per share (cents) | 14.0 | 10.9 |

This information should be read in conjunction with the Deterra 2023 Annual Report.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the condensed consolidated financial statements for the half-year ended 31 December 2023.

The condensed consolidated financial statements for the half-year ended 31 December 2023 upon which the Appendix 4D is based have been reviewed by PricewaterhouseCoopers.

All currencies shown in this report are Australian Dollars unless otherwise indicated.

This document was approved and authorised for release by Deterra's Managing Director.

**Bronwyn Kerr**
Company Secretary

# DIRECTORS' REPORT

Your directors submit their report on the consolidated entity consisting of Deterra Royalties Limited (Deterra) and the entities it controlled (the "Group" or the "consolidated entity") during the period from 1 July 2023 to 31 December 2023. The consolidated financial statements are presented in Australian dollars, which is Deterra's functional and presentation currency.

The Group is of a kind referred to under ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial reports. Amounts in the directors' report and financial report have been rounded unless otherwise stated, to the nearest thousand dollars in accordance with the instrument.

In compliance with the provisions of the Corporations Act 2001, the directors report the following:

## 1. Board of Directors

The names of directors who held office during the period of this report are as follows.

| | |
|---|---|
| Jennifer Seabrook | Independent Non-Executive Chair |
| Julian Andrews | Managing Director and Chief Executive Officer |
| Graeme Devlin | Independent Non-Executive Director |
| Joanne Warner | Independent Non-Executive Director |
| Jason Neal | Independent Non-Executive Director |
| Adele Stratton | Non-Executive Director |

## 2. Joint Company Secretaries

| | |
|---|---|
| Jason Clifton | Chief Financial Officer (Appointed 4 December 2023); and Joint Company Secretary (Appointed 18 December 2023) |
| Bronwyn Kerr | General Counsel and Joint Company Secretary |
| Brendan Ryan | Head of Corporate Development (formerly Chief Financial Officer until 4 December 2023); and Joint Company Secretary (Resigned 18 December 2023) |

# REVIEW OF RESULTS AND OPERATIONS

## 3. Summary of Results

- Revenue of $119.0 million
- EBITDA of $113.4 million equal to 95% EBITDA Margin
- Net profit after tax of $78.7 million
- Interim dividend declared of $78.7 million (fully franked) equal to 100% NPAT

## 4. Review of Deterra Operations and Assets

The performance in 1H24 continues to demonstrate the strength of Deterra's business model. 1H24 revenue of $119.0 million demonstrates the top line exposure to production and pricing, while the 95% EBITDA margin highlights the very limited exposure to the inflationary cost pressures in the sector.

1H24 saw continued strong production from the MAC asset, driven by the ramping up of the US$3.6 billion South Flank expansion. With full nameplate capacity of 145mtpa expected by mid-2024[1], MAC will form the largest iron ore hub in the world[2] and be a key component of BHP's Western Australian Iron Ore operations.

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[1] BHP, Quarterly Operational Review for the half-year ended 31 December 2024 – 18 January 2024

[2] BHP Release, BHP delivers first production from South Flank, 20 May 2021

The operators of Deterra's two mineral sands royalties at Yalyalup and Wonnerup North maintained ongoing operations after receiving regulatory approval to further extend the mine lives of these assets.

Developments and results across our producing royalty assets during the period, are summarised below:

- **Mining Area C –** Deterra holds contractual rights over the Mining Area C (MAC) royalty area. The Group receives revenue payments via two separate mechanisms from this cornerstone royalty contract.
    1. a 1.232 % royalty on Australian dollar denominated FOB revenue from the sale of material produced at MAC, payable quarterly; and
    2. one-off capacity payments of A$1 million per million dry metric tonnes (mdmt) for any increase in annual mine production, determined for the period ending 30 June, payable annually within 30 days. The demonstrated annual capacity level as at 30 June 2023 is 118 mdmt.

  Mining Area C production for the 1H24 period was 61.0 million wet metric tonnes (mwmt, 100 per cent basis). BHP has indicated that South Flank is on track to ramp up to full production by mid-2024[3]. Revenue for the 1H24 period from Mining Area C was $118.4 million derived from the 1.232% revenue royalty, noting any applicable capacity payment is reported in the full year results.

- **Yalyalup Mineral Sands Mine –** Deterra holds a 2.0% royalty on revenue from the sale of minerals under two royalty agreements over mineral leases operated by mineral sand producer Doral Mineral Sands Pty Ltd. The Yalyalup mine commenced production in Q2 2022 and has an expected production capacity of 100ktpa of heavy mineral concentrate over a four to five year mine life, with the possibility of further extension subject to approvals[4]. Revenue for the 1H24 period from the Yalyalup operation was $0.5 million.

- **Wonnerup North Mineral Sands Mine -** Deterra holds a $0.70 per tonne royalty on all valuable heavy minerals produced over mineral leases currently being mined by mineral sand producer Tronox through its subsidiary Cable Sands Pty Ltd. Mining at Wonnerup North using the existing facilities is underway. Mining has commenced after successfully receiving all environmental and regulatory approvals required for the Stage 2 extension for use of the existing facilities for an additional five years. Revenue for the 1H24 period from Wonnerup was $0.02 million.

Deterra notes no change to the two non-producing royalty assets during the period:

- **Yandanooka Tenements –** Deterra holds a 1.5% gross revenue royalty over certain mineral leases owned by mineral sand producer Image Resources Limited. Image acquired the tenements, formerly known as Sheffield Resources' Eneabba Project, in late 2021. Image has since announced further magnetic surveys to test the extents of mineralisation and to develop new targets [5].

- **St Ives Gold Project –** Deterra holds a royalty agreement over certain mineral leases near Kambalda currently operated by Gold Fields. There have been no public updates on this asset during the period.

During the half-year period Deterra saw a material increase in business development activity as the team engaged in detailed due diligence on a number of prospective opportunities. This increased activity resulted in higher project related business development costs of $1.3 million (1H23: $0.5 million) which are separately identified in the financial statements.

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[3] BHP, Quarterly Operational Review for the half-year ended 31 December 2024 – 18 January 2024

[4] Doral Website Company Profile Yalyalup Operations – February 2024

[5] Image Resources Limited 2022 Annual Report – 14 April 2023

## 5. Review of Financial Results

A summary of the key financial metrics and prior period comparisons is discussed below:

- **Revenue –** Group revenue for the 1H24 period was $119.0 million, which represents a 23% increase over the prior comparable period (1H23). This was attributable to the higher MAC revenue of $118.4 million (1H23: $96.0 million), with 28% year over year higher realised iron ore sales price offset by 4% lower sales volume. In addition, the Group received $0.5 million (1H23: $0.4 million) royalty revenue from the ongoing operations at the Yalyalup and Wonnerup North Mineral sands assets.

- **Costs** - Operating expenses for the 1H24 period were $4.3 million reflecting the low cost structure of the royalty business model. This amount was 4% higher than the comparative expenses of $4.1 million for equivalent 1H23 period, primarily due to increased staff costs. Business development costs increased to $1.3 million in 1H24 (1H23: $0.5m), reflecting an increase in the number of potential investment opportunities.

- **EBITDA** - EBITDA of $113.4 million increased 23% over the 1H23 period. The EBITDA margin of 95% continues to demonstrate the strength and scalability of the low-cost, royalty business model.

- **Net Finance Cost** – Net finance cost for the period of $0.7 million (1H23: $0.6m) reflects $1.6 million of establishment and commitment fee expense related to the $500 million (1H23: $350 million) credit facilities, partly offset by $0.9 million of interest income received during the period.

- **Depreciation and Amortisation** – Depreciation and amortisation of $0.2 million remain in line with 1H23.

- **Tax -** The Group's effective tax rate was 30%, reflecting the prevailing Australian corporate tax rate.

- **NPAT -** Group profit after income tax for the half-year period amounted to $78.7 million reflecting a 24% increase relative to the 1H23 period.

- **Capital Management -** As at 31 December 2023, Deterra had net cash of $24.4 million, and royalty receivables of $62.9 million. On 14 August 2023, Deterra increased its total credit limits from $350 million to $500 million. The increase was undertaken to improve funding flexibility and was achieved by expanding an existing four- year bilateral credit facility, expiring February 2026, by $150 million on current terms. As at 31 December 2023, Deterra has available undrawn capacity of $500 million.

## 6. Dividends Paid or Recommended

On 19 September 2023 Deterra paid a final dividend of 16.85 cents per share for the 30 June 2023 Financial Year.

The Board of Directors declared a fully franked interim dividend of 14.89 cents per share, for a total of $78,716,000 and equal to 100% of NPAT, for the period of this half-year report. This dividend is payable on 21 March 2024 for shareholders on record as at 23 February 2024.

## 7. Reconciliation of non-IFRS financial information

A reconciliation of the statutory results to the segment and commentary in this half-year ended 31 December 2023 is presented below.

| **Earnings and earnings adjustments** | **Half-year ended 31 Dec 2023 $'000** | **Half-year ended 31 Dec 2022 $'000** |
|---|---|---|
| **Net Profit After Tax (NPAT)** | **78,721** | **63,381** |
| *add back Income tax expense* | 33,711 | 27,495 |
| **Profit before tax** | **112,432** | **90,876** |
| *add back Net finance costs and FX losses* | 742 | 654 |
| **EBIT** | **113,174** | **91,530** |
| *add back Depreciation and Amortisation* | 229 | 199 |
| **EBITDA** | **113,403** | **91,729** |
| *Revenue* | 118,984 | 96,409 |
| *EBITDA margin (%)* | 95% | 95% |

## 8. 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 page 6.

This report is made in accordance with a resolution of directors.

**Julian Andrews**
**Managing Director**
Perth, Western Australia
15 February 2024

# Auditor's Independence Declaration

As lead auditor for the review of Deterra Royalties Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Deterra Royalties Limited and the entities it controlled during the period.

Ian Campbell
Partner
PricewaterhouseCoopers

Perth
15 February 2024

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# DETERRA ROYALTIES LIMITED

**ABN 88 641 743 348**

# FINANCIAL INFORMATION

## for the half-year ended 31 December 2023

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

**For the half-year ended 31 December 2023**

| | Note | Half-year ended 31 Dec 2023 $'000 | Half-year ended 31 Dec 2022 $'000 |
|---|---|---|---|
| Royalty revenue | 3 | 118,984 | 96,409 |
| Operating expenses | | (4,293) | (4,143) |
| Business Development expenses | | (1,288) | (537) |
| Depreciation and amortisation | | (229) | (199) |
| **Operating profit before finance cost** | | **113,174** | **91,530** |
| Net finance income/(cost) | 4 | (729) | (648) |
| Net foreign exchange gains/(losses) | | (13) | (6) |
| **Profit before tax** | | **112,432** | **90,876** |
| Income tax expense | 5 | (33,711) | (27,495) |
| **Net Profit After Tax** | | **78,721** | **63,381** |
| **Other comprehensive profit for the period, net of tax** | | - | - |
| **Total comprehensive profit for the period** | | **78,721** | **63,381** |
| **Total and continuing earnings per share**: | | | |
| Basic earnings per share ($) | 13 | 0.1489 | 0.1199 |
| Diluted earnings per share ($) | 13 | 0.1487 | 0.1198 |

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Condensed Consolidated Statement of Financial Position

**As at 31 December 2023**

| | Note | 31 Dec 2023 $'000 | 30 Jun 2023 $'000 |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | | 24,938 | 29,491 |
| Trade and other receivables | 7 | 62,888 | 73,104 |
| Income tax assets | | 1,771 | 620 |
| Prepayments | | 1,714 | 558 |
| **Total Current Assets** | | **91,311** | **103,773** |
| **Non-Current Assets** | | | |
| Intangible assets | | 8,138 | 8,289 |
| Property, plant and equipment | | 168 | 99 |
| Prepayments | | 586 | 1,141 |
| Right-of-use assets | | 522 | 171 |
| **Total Non-Current Assets** | | **9,414** | **9,700** |
| **Total Assets** | | **100,725** | **113,473** |
| **Current Liabilities** | | | |
| Trade and other payables | | 350 | 768 |
| Provisions | | 159 | 130 |
| Lease liability | | 87 | 70 |
| **Total Current Liabilities** | | **596** | **968** |
| **Non-Current Liabilities** | | | |
| Lease liability | | 450 | 116 |
| Borrowings | 8 | - | - |
| Deferred tax | 6 | 17,363 | 20,251 |
| **Total Non-Current Liabilities** | | **17,813** | **20,367** |
| **Total Liabilities** | | **18,409** | **21,335** |
| **Net Assets** | | **82,316** | **92,138** |
| **Equity** | | | |
| Share capital | | 0 | 0 |
| Reserves | | 3,571 | 3,037 |
| Retained Earnings | | 78,745 | 89,101 |
| **Total Equity** | | **82,316** | **92,138** |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Condensed Consolidated Statement of Changes in Equity

**For the half-year ended 31 December 2023**

| | Share Capital<br>$'000 | Retained Earnings<br>$'000 | Share-based payment reserve<br>$'000 | Total Equity<br>$'000 |
|---|---|---|---|---|
| **Balance at 1 July 2022** | **0** | **116,766** | **1,859** | **118,625** |
| Profit for the period | - | 63,381 | - | 63,381 |
| Total comprehensive income/(loss) for the period | **-** | **63,381** | **-** | **63,381** |
| *Transactions with owners in their capacity as owners:* | | | | |
| Share-based payments | - | - | 580 | 580 |
| Dividend declared/paid | - | (116,698) | - | (116,698) |
| | **-** | **(116,698)** | **580** | **(116,118)** |
| **Balance at 31 December 2022** | **0** | **63,449** | **2,439** | **65,888** |
| **Balance at 1 July 2023** | **0** | **89,101** | **3,037** | **92,138** |
| Profit for the period | - | 78,721 | - | 78,721 |
| Total comprehensive income/(loss) for the period | - | 78,721 | - | 78,721 |
| *Transactions with owners in their capacity as owners:* | | | | |
| Share-based payments | - | - | 600 | 600 |
| Dividend equivalent payment on vested rights | - | - | (66) | (66) |
| Dividend declared/paid | - | (89,077) | - | (89,077) |
| | - | (89,077) | 534 | (88,543) |
| **Balance at 31 December 2023** | **0** | **78,745** | **3,571** | **82,316** |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Condensed Consolidated Statement of Cash Flows

**For the half-year ended 31 December 2023**

| | Note | Half-year ended 31 Dec 2023 $'000 | Half-year ended 31 Dec 2022 $'000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Receipts from customers | | 129,220 | 164,041 |
| Payments to suppliers and employees (inclusive of GST) | | (5,969) | (5,139) |
| Interest Received | | 941 | 561 |
| Interest paid | | (1,282) | (983) |
| Income Tax paid | | (37,750) | (47,711) |
| **Net cash inflow from operating activities** | 9 | **85,160** | **110,769** |
| **Cash Flows from Investing Activities** | | | |
| Payments for property, plant, and equipment | | (89) | (7) |
| **Net cash outflow from investing activities** | | **(89)** | **(7)** |
| **Cash Flows from Financing Activities** | | | |
| Dividend paid | | (89,077) | (116,698) |
| Payment of borrowing establishment fee | | (473) | - |
| Proceeds from borrowings | | 13,000 | 14,000 |
| Repayment of borrowings | | (13,000) | (14,000) |
| Repayment of lease liabilities | | (74) | (35) |
| **Net cash outflow from financing activities** | | **(89,624)** | **(116,733)** |
| **Net increase in cash and cash equivalents** | | (4,553) | (5,971) |
| Cash and cash equivalents at the start of the period | | 29,491 | 27,456 |
| **Cash and cash equivalents at the end of the period** | | **24,938** | **21,485** |

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## 1. Significant Changes in the Current Reporting Period

During the period covered by this Financial Report the Group received royalty income of $118,984,000 from its six existing royalty assets.

During the period the group declared and paid a final fully franked dividend for FY23 of $89,077,000.

For a detailed discussion about the performance and financial position, please refer to our operations and financial review on pages 2 to 5.

## 2. Segment Information

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

The Group is organised into a single operating segment, being royalty arrangements in Australia.

## 3. Royalty Revenue

| | Half-year ended 31 Dec 2023 $'000 | Half-year ended 31 Dec 2022 $'000 |
|---|---|---|
| MAC royalty | 118,445 | 95,964 |
| Other royalties | 539 | 445 |
| **Total Royalty revenue** | 118,984 | 96,409 |

## 4. Net Finance Income/(Cost)

| | Half-year ended 31 Dec 2023 $'000 | Half-year ended 31 Dec 2022 $'000 |
|---|---|---|
| **Finance Income** | | |
| Interest on bank deposits | 927 | 603 |
| Total finance income | 927 | 603 |
| **Finance Cost** | | |
| Finance Costs – Leases | (22) | (2) |
| Revolving credit facility fees and interest | (1,634) | (1,249) |
| Total finance costs | (1,656) | (1,251) |
| **Total Net Finance Income/(Costs)** | (729) | (648) |

## 5. Income Tax Expense

| | Half-year ended 31 Dec 2023 $'000 | Half-year ended 31 Dec 2022 $'000 |
|---|---|---|
| (a) Income tax expense | | |
| *Current tax* | | |
| Current income tax on profits for the period | 36,598 | 47,496 |
| Total Current income tax | 36,598 | 47,496 |
| *Deferred tax* | | |
| Decrease/(increase) in deferred tax assets | 84 | 289 |
| (Decrease)/increase in deferred tax liabilities | (2,971) | (20,290) |
| Total deferred tax expense/(benefit) | (2,887) | (20,001) |
| Income tax expense | 33,711 | 27,495 |
| (b) Numerical reconciliation of income tax expense to prima facie tax payable | | |
| Profit from continuing operations before income tax expense | 112,432 | 90,876 |
| Tax at the average effective tax rate of 30% | 33,730 | 27,263 |
| *Income tax expense adjustments:* | | |
| Effect of non-deductible expenses | 39 | 232 |
| Employee share plan | (58) | - |
| Income tax expense | 33,711 | 27,495 |

## 6. Deferred Tax

| | 31 Dec 2023 $'000 | 30 Jun 2023 $'000 |
|---|---|---|
| **Deferred tax assets** | | |
| *The balance comprises temporary differences attributable to:* | | |
| Provisions and accruals | 106 | 54 |
| Lease liabilities | 161 | 56 |
| Demerger expenses | 278 | 556 |
| Share based payments | 588 | 499 |
| Other | 500 | 552 |
| Gross deferred tax assets | 1,633 | 1,717 |
| Amount offset to deferred tax liabilities pursuant to set-off provision | (1,633) | (1,717) |
| Net deferred tax assets | - | - |
| **Deferred tax liability** | | |
| *The balance comprises temporary differences attributable to:* | | |
| Property, plant and equipment | 5 | 6 |
| Right-of-use assets | 157 | 51 |
| Royalty receivable | 18,802 | 21,873 |
| Other | 32 | 38 |
| Gross deferred tax liabilities | 18,996 | 21,968 |
| Amounts offset to deferred tax assets pursuant to set-off provision | (1,633) | (1,717) |
| Net deferred tax liabilities | 17,363 | 20,251 |

## 7. Trade and other receivables

| | 31 Dec 2023 $'000 | 30 Jun 2023 $'000 |
|---|---|---|
| *Current* | | |
| Royalties receivable | 62,672 | 72,909 |
| Accrued income | 106 | 120 |
| GST receivable | 110 | 47 |
| Other receivables | - | 28 |
| | 62,888 | 73,104 |

## 8. Borrowings

*Bilateral Credit Facilities*

In 2022, Deterra established $350 million of Bilateral Credit Facilities with maturities of three, four and five years on an unsecured basis. On 14 August 2023, Deterra expanded the Bilateral Credit Facilities to $500 million with one of the existing financiers on the same terms.

Undrawn funds of the Bilateral Credit Facilities at 31 December 2023 were $500 million (2022: $350 million).

The table below details the facilities expiries:

| A$ million | Total facility | Facility Expiry (Financial Year) 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|
| At 31 December 2023 | $500m | - | - | $175m | $250m | $75m |
| At 30 June 2023 | $350m | - | - | $175m | $100m | $75m |

## 9. Cash Flow Information

| | Half-year ended 31 Dec 2023 $'000 | Half-year ended 31 Dec 2022 $'000 |
|---|---|---|
| Reconciliation of cash flows from operating activities with profit from ordinary activities after income tax: | | |
| Profit for the period | 78,721 | 63,381 |
| Adjusted for non-cash items: | | |
| Depreciation of PPE | 14 | 9 |
| Depreciation expense of right-of-use asset | 60 | 35 |
| Amortisation of Intangibles | 155 | 155 |
| Amortisation of loan establishment fees | 346 | 267 |
| Share-based payment | 600 | 616 |
| Other non-cash items | 43 | 54 |
| Changes in assets and liabilities: | | |
| (Increase)/Decrease in operating receivables | 10,216 | 67,590 |
| (Increase)/Decrease in prepayments | (473) | (720) |
| Increase/(Decrease) in trade and other payables | (484) | (401) |
| (Increase)/Decrease in income tax assets | (1,151) | (216) |
| Increase/(Decrease) in deferred tax liability | (2,887) | (20,001) |
| Net cash flows from operations | 85,160 | 110,769 |

## 10. Dividends

*i) Ordinary shares*

| | Half-year ended 31 Dec 2023 $'000 | Half-year ended 31 Dec 2022 $'000 |
|---|---|---|
| **Fully Franked at 30 per cent** | | |
| Dividends provided for and paid during the half-year *Final for FY23: 16.85 cents/ share (FY22: 22.08)* | 89,077 | 116,698 |
| Dividends proposed but not recognised as liability *Interim for 1H24: 14.89 cents / share (1H23: 12.00)* | 78,716 | 63,423 |

*ii) Franking credits*

The interim dividends declared after 31 December 2023 will be fully franked out of existing franking credits, or out of franking credits arising from the payment of income tax in the year ending 30 June 2024.

| | Half-year ended 31 Dec 2023 $'000 | Half-year ended 31 Dec 2022 $'000 |
|---|---|---|
| Franking credits available for subsequent reporting periods based on a tax rate of 30% | 35,479 | 28,916 |

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the period.

## 11. Commitments and Contingencies

There are no other commitments or contingent liabilities outstanding at 31 December 2023.

## 12. Subsequent Events

Subsequent to period end:

- The Board of Directors declared an interim dividend of 14.89 cents per share which is equal to $78,716,000.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

## 13. Earnings Per Share

Earnings per ordinary share is calculated on the Group's profit after tax of $78,721,000 and the weighted average number of shares on issue during the year of 528,622,172.

| | Half-year ended 31 Dec 2023 | Half-year ended 31 Dec 2022 |
|---|---|---|
| **Net profit attributable to shareholders** | | |
| Earnings per share - basic | $0.1489 | $0.1199 |
| Earnings per share - diluted | $0.1487 | $0.1198 |

The number of diluted shares was calculated based on the total number of performance rights that had a dilutive effect at 31 December 2023 time weighted for the period 1 July 2023 to 31 December 2023.

The weighted average number of shares on issue for the purpose of calculating basic and diluted earnings per share and basic and diluted adjusted earnings per share are as follows:

| | Half-year ended 31 Dec 2023 | Half-year ended 31 Dec 2022 |
|---|---|---|
| **Weighted average number of shares on issue** | | |
| Basic weighted average number of shares outstanding | 528,622,172 | 528,512,029 |
| Dilutive effect of Employee Performance Rights | 782,826 | 591,607 |
| Diluted number of shares outstanding | 529,404,998 | 529,103,636 |

## 14. *Basis of preparation*

This condensed consolidated interim financial report for the half-year ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB *134 Interim Financial Reporting* and the Corporations Act 2001.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Financial Statements within the Annual Report for the year ended 30 June 2023 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted and applied by the Group are consistent with those of the previous financial year and corresponding interim reporting period. New and amended standards adopted by the Group in the current reporting period had no material impact.

Where applicable, certain comparatives have been adjusted to conform with current year presentation.

*a) New and amended standards adopted by the group*

A number of amended standards became applicable for the current reporting period. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

*b) Impact of standards issued but not yet applied by the entity*

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been adopted by the Group:

- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*
- AASB 2020-1 and AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
- AASB 2023-1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements*
- AASB 2014-10 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)*
- AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability*

The Group assessed that none of the new accounting standards and interpretations will have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 18 are in accordance with the Corporations Act 2001, including:

- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial period ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

This declaration is made in accordance with a resolution of the Board of Directors.

**Jennifer Seabrook**
Independent Non-Executive Chair

Perth, Western Australia

**Julian Andrews**
Managing Director & Chief Executive Officer

Perth, Western Australia

# *Independent auditor's review report to the members of Deterra Royalties Limited*

## Report on the half-year financial report

### *Conclusion*

We have reviewed the half-year financial report of Deterra Royalties Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed consolidated statement of financial position as at 31 December 2023, the Condensed consolidated statement of changes in equity, Condensed consolidated cash flow statement and Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Deterra Royalties Limited does not comply with the *Corporations Act 2001* including:

1. Giving a true and fair view of the Group's financial position as of 31 December 2023 and of its performance for the half-year ended on that date.

2. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### *Responsibilities of the directors for the half-year financial report*

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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### *Auditor's responsibilities for the review of the half-year financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Ian Campbell
Partner

Perth
15 February 2024