Deterra Royalties Demerger Briefing

10 September 2020

Julian Andrews
Chief Executive Officer

Deterra ROYALTIES

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Decisions regarding voting on the demerger should be made on the basis of the Demerger Booklet. Decisions regarding investing in Deterra Royalties shares should be made on the basis of the information memorandum that will be lodged in connection with its listing on the Australian Securities Exchange.

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Non-IFRS Financial Information

This document contains non-IFRS financial measures including cash production costs, non-production costs, Mineral Sands EBITDA, Underlying Group EBITDA, EBIT, free cash flow, and net debt amongst others. Iluka management considers these to be key financial performance indicators of the business and they are defined and/or reconciled in Iluka's annual results materials and/or Annual report. Non-IFRS measures have not been subject to audit or review.

All figures are expressed in Australian dollars unless stated otherwise.

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Key Management

Iluka Resources

Tom O'Leary
Chief Executive Officer

Adele Stratton
Chief Financial Officer

Deterra Royalties

Julian Andrews
Chief Executive Officer

Brendan Ryan
Chief Financial Officer

1. Demerger
Overview

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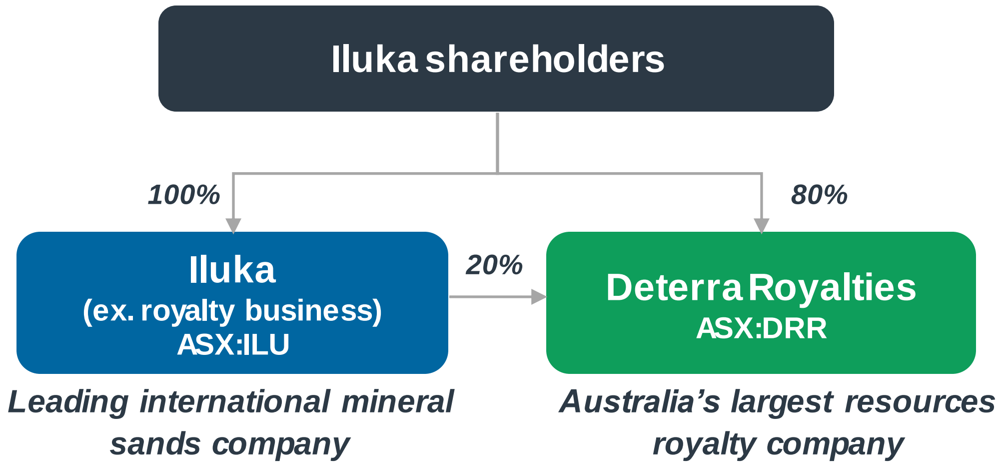
Demerger Overview

Demerger will result in two separate ASX-listed businesses – Iluka will continue to be a global leader in the mineral sands industry while Deterra Royalties will be the largest ASX-listed resources focused royalty company

Overview

- The demerger will result in two independent ASX listed companies – Iluka and Deterra Royalties – each with a management team focused on pursuing its growth strategy
- Iluka shareholders will have the opportunity to vote on the Demerger at the Extraordinary General Meeting on 16 October 2020
  - Iluka Directors unanimously recommend that Iluka shareholders vote in favour of the Demerger Resolution
  - The Independent Expert has also concluded that the Demerger is in the best interests of Iluka shareholders
- Iluka shareholders will be entitled to receive 1 share in Deterra Royalties for each existing share held in Iluka
- Iluka has received a favourable draft class ruling from the Australian Tax Office (ATO) for demerger tax relief. As is usual, any final class ruling will only be issued after implementation of the demerger.
- Iluka will retain a 20% interest in Deterra Royalties as a long-term investment

Post-demerger Structure



Demerger Rationale

Iluka's Mineral Sands business and Royalty business are two fundamentally different businesses, consequently a demerger has the potential to unlock shareholder value over time

	Mineral Sands Business	Royalty Business
Business	A leading pure play mineral sands company globally	Australia's largest ASX-listed resources royalty company
Current commodity mix	Mineral sands (zircon and titanium feedstocks) Rare earths	Iron ore (primarily)
Key assets	Cataby, Capel, Narngulu and Eneabba, Western Australia Jacinth-Ambrosia, South Australia Sierra Rutile, Sierra Leone	MAC Royalty, Western Australia Portfolio of five small royalties (two in production)
Management areas of expertise required	Large-scale mining and processing operations Engineering and project delivery Exploration and geology Occupational health and safety management Customer marketing and offtake Technical and financial analysis of development options	Mining investment Project finance Mergers and acquisitions Business development Capital markets
Relative cost of capital	Higher	Lower
Capital intensity	Yes	No
Operating cost exposure	Yes	No[1]
Dividend policy	40% of FCF (not required for investment or balance sheet purposes)	Intended policy will be to payout 100 per cent of net profit after tax[2]
Growth profile	Investment focused on organic growth profile Project delivery and mine life extension Exploration success	Organic: extension or expansion of Mining Area C, including BHP's South Flank expansion Investment: acquisition of value accretive complementary royalties

Demerger has the potential to unlock shareholder value by:

- empowering Board and management to focus on the **individual business plans** and **distinct growth strategies** for each business;
- allowing **clearer choice** for shareholders;
- allowing **greater flexibility** and **focus when pursuing growth opportunities** for each business;
- providing the ability to adopt an **appropriate capital structure** for each business; and
- allowing **enhanced management focus and alignment** of incentives to drive business performance.

1. MAC Royalty has limited operating cost exposure other than to the extent operating costs impacts the economic viability of the underlying mine.
2. Deterra's approach to dividends and dividend policy will be determined by the Deterra Board at its discretion and may change over time.

Key dates

Subject to a shareholder vote on 16 October 2020, Deterra Royalties will commence trading on the ASX as a separately listed entity on 23 October 2020 on a deferred settlement basis

Event	Date
Last time and date for determining eligibility to vote at the Extraordinary General Meeting	4.00pm (AWST) Wednesday, 14 October 2020
Extraordinary General Meeting	9.30am (AWST) Friday, 16 October 2020
Last time and date by which Sale Facility Forms must be received by Iluka Share Registry	2.00pm (AWST) Thursday, 22 October 2020
Last date Iluka Shares trade on ASX cum-entitlements under the Demerger	Thursday, 22 October 2020
ASX listing of Deterra Royalties (ASX: DRR)	Friday, 23 October 2020
Deterra Royalties Shares to be distributed to Iluka Shareholders commence trading on ASX on a deferred settlement basis	Friday, 23 October 2020
Time and date for determining entitlement to Deterra Royalties Shares under the Demerger (the **Record Date**)	4.00pm (AWST), Monday, 26 October 2020
Implementation Date and transfer of Deterra Royalties Shares to Eligible Shareholders (other than Selling Shareholders and Sale Agent)	Monday, 2 November 2020
Normal trading of Deterra Royalties Shares on ASX commences	Tuesday, 3 November 2020
Completion of sale of Deterra Royalties Shares under Sale Facility	By Monday, 30 November 2020
Dispatch of payment to Ineligible Overseas Shareholders and Selling Shareholders	Expected to occur on or before Tuesday, 17 December 2020

All dates in the above timetable are indicative only and are subject to change. A more detailed indicative timetable is included in the Demerger Booklet.

2. Introduction to Deterra Royalties

Source: BHP

Experienced Board and Senior Management

Board and senior management reflects a diverse range of expertise across the global resources sector

	Board Member	Biography
	**Jenny Seabrook** *Independent Chair*	• Over 30 years experience across capital markets, mergers and acquisitions and accounting advisory roles and numerous directorships • Currently a non-executive director of BGC and Australian Rail Track Corporation. Select previous directorships include Iluka Resources, MMG and Export Finance
	**Graeme Devlin** *Independent Non-Executive Director*	• Highly experienced mining executive, served as BHP's head of acquisitions and divestments from 2009 to 2016 • Previous experience in variety of business development, investment evaluation, project and structured finance roles within BHP group, Rio Tinto and CRA Limited
	**Joanne Warner** *Independent Non-Executive Director*	• Extensive global asset management experience in mining and energy sector, including 8 years as Head of Global Resources at Colonial First State Global Asset Management • Currently a non-executive director of First Quantum Minerals and Geo40 Limited
	**Adele Stratton** *Non-Executive Director (Iluka nominee)*	• Joined Iluka in 2011 and was appointed Chief Financial Officer in September 2018. • Qualified chartered accountant with 20 years' experience working in both professional practice and public listed companies

	Executive Member	Biography
	**Julian Andrews** *Managing Director & Chief Executive Officer*	• Extensive experience in diversified portfolio investment, project finance, capital raising and mergers and acquisitions across a range of industries including mining, energy and chemicals. • Joined Iluka as Head of Business Development in 2017 and in 2018 expanded his role to Head of Strategy, Planning and Business Development • Previously held various roles at Wesfarmers, including General Manager, Business Development and Chief Financial Officer in Wesfarmers Chemicals, Energy & Fertilisers division
	**Brendan Ryan** *Chief Financial Officer*	• Over 30 years of commercial and operational experience in the global mining industry. • Most recently served as Chief Financial Officer and Chief Business Development Officer at Boart Longyear, an ASX-listed global drilling services company. • Previously held a number of senior business development roles at Rio Tinto with a focus on evaluation and delivery of investment opportunities, culminating in serving as Rio Tinto's Global Head of Business Evaluation 2012-2015. • Mr Ryan began his career in engineering and operations roles at Shell / Anglo Coal in Queensland, Australia.

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A structurally advantaged business model

Listed royalty companies provide investors with exposure to the value created through the discovery, extraction and sale of natural resources, typically without full exposure to some of the key operating risks of mining businesses

The royalty business model

- **Royalty**: contractual agreements that involve a one-time up-front payment (or asset transfer) in return for future payments, typically based on a percentage of revenue or profit from a specific project or set of tenements.
- **Stream**: contractual agreements whereby the holder purchases a percentage of the production from an identified mine, for an upfront payment plus an additional payment when the product is delivered.
- Royalty companies that hold revenue based royalties typically have an **advantaged position** in a mining company's capital structure, accessing cash flows ahead of debt and equity capital providers

Established business model in other jurisdictions

+50 listed royalty companies globally (primarily in North America and UK)

US$56bn increase in market cap of major royalty players over 10 years[1]

336% return over 10 years from a global index of royalty companies[2]

No ASX-listed royalty companies today of scale

Royalty companies structural advantages relative to alternatives

	Royalty companies	Mining companies	Physical commodity
Exposure to:			
Commodity price changes	✓	✓	✓
Income potential[3]	✓	✓	✗
Exploration or production upside	✓	✓	✗
Limited exposure to:			
Capital development costs[4]	✓	✗	✓
Asset level operating costs[4]	✓	✗	✓
Environmental costs and OH&S risks[4]	✓	✗	✓

Notes: (1) Based on increase in market capitalisation from 31 July 2010 to 31 July 2020 of the following major royalty companies: Franco-Nevada, Wheaton Precious Metals, Royal Gold Inc, Osisko Gold Royalties, Sandstorm Gold, Altius Minerals Corporation, Maverix Metals Inc, Nomad Royalty Company, Anglo Pacific Group and Labrador Iron Ore Corporation. (2) Total shareholder returns with dividends reinvested. Royalties index weighted by market capitalisation in US dollars. Note: Royalty companies included in the Royalties Index are exposed to various different commodities to Deterra and interests are typically held within a portfolio of royalty and / or streaming interests. (3) Typically recurring income is by way of dividends associated with the business performance compared to holding the physical commodity. (4) Risk is limited to extent that the mine or project is not closed due to one of these risk factors.

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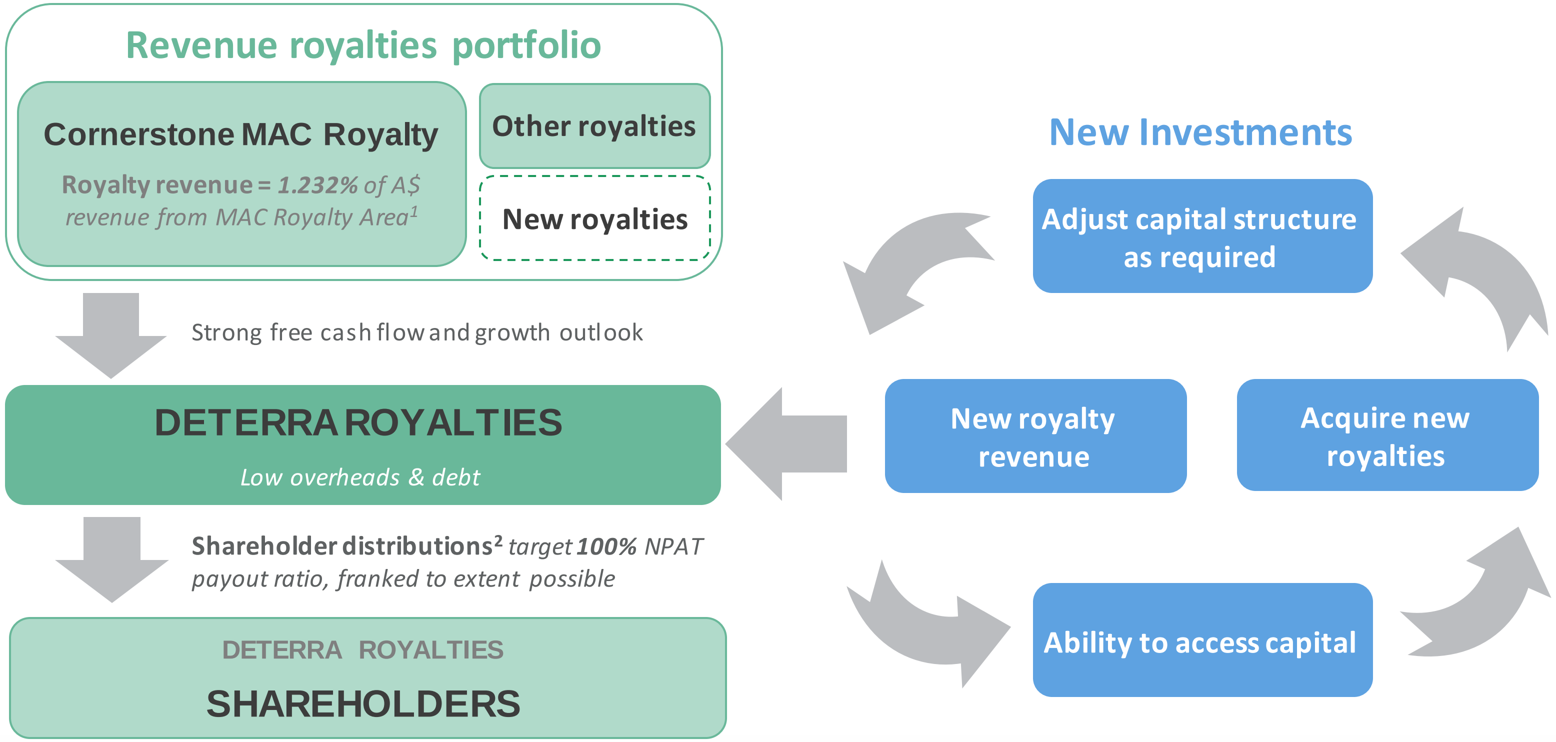
A new investment vehicle in the Australian resources sector

Deterra Royalties' business model is simple and structurally advantaged relative to other forms of investment in resources

- Business model is **simple** with initially one primary source of revenue
- Growth strategy focused on **increasing earnings** and **diversification** through value accretive investments over time
- Funded by **significant debt carrying capacity** and a **conservative** approach to capital management

Deterra Business Model

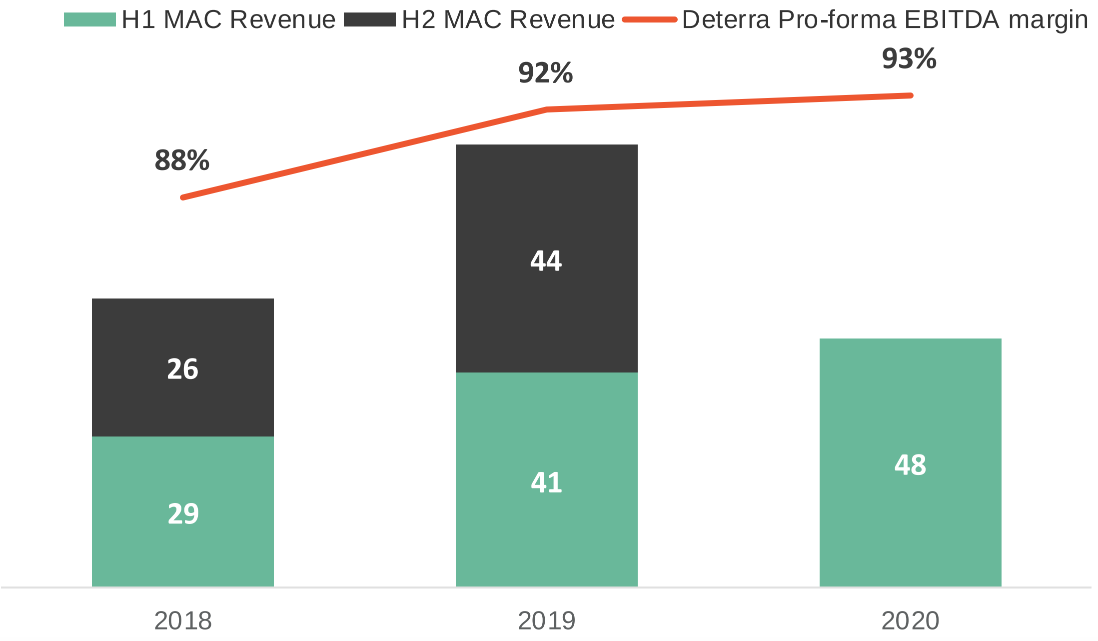


Notes: (1) Deterra Royalties also received capacity payments under the MAC Royalty Agreement; (2) Deterra's approach to dividends and dividend policy will be determined by the Deterra Board at its discretion and may change over time.

High margin business with strong earnings

Deterra Royalties is a high margin business with revenue driven by the MAC Royalty, which is linked to iron ore prices, sales volumes from the MAC Royalty Area and the AUD:USD exchange rate

MAC Royalty revenue and pro-forma EBITDA margin (A$ million; %)[1]



Source: (1) Iluka periodic reports and Deterra pro forma accounts.

Pro-forma income statement

Year end 31 December		**2018**	**2019**	**H1 2019**	**H1 2020**
Sales volumes (North Flank)	MDMT	51.6	55.4	27.6	28.6
Average iron ore price	A$/t	64.3	86.7	84.8	87.4
MAC Royalty Revenue	**A$m**	**55.6**	**85.1**	**41.2**	**48.0**
Other royalty revenue	A$m	0.4	0.6	0.3	0.1
Pro-forma costs	A$m	(6.7)	(6.8)	(3.4)	(3.5)
EBITDA	**A$m**	**49.3**	**78.9**	**38.1**	**44.6**
EBITDA margin	%	88%	92%	92%	93%
Depreciation	A$m	(0.4)	(0.4)	(0.2)	(0.2)
Interest & finance	A$m	(0.4)	(0.4)	(0.2)	(0.2)
Profit before income tax	**A$m**	**48.5**	**78.1**	**37.7**	**44.2**
Income tax	A$m	(14.7)	(23.6)	(11.4)	(13.3)
Profit / (loss) after tax	**A$m**	**33.8**	**54.5**	**26.3**	**30.9**

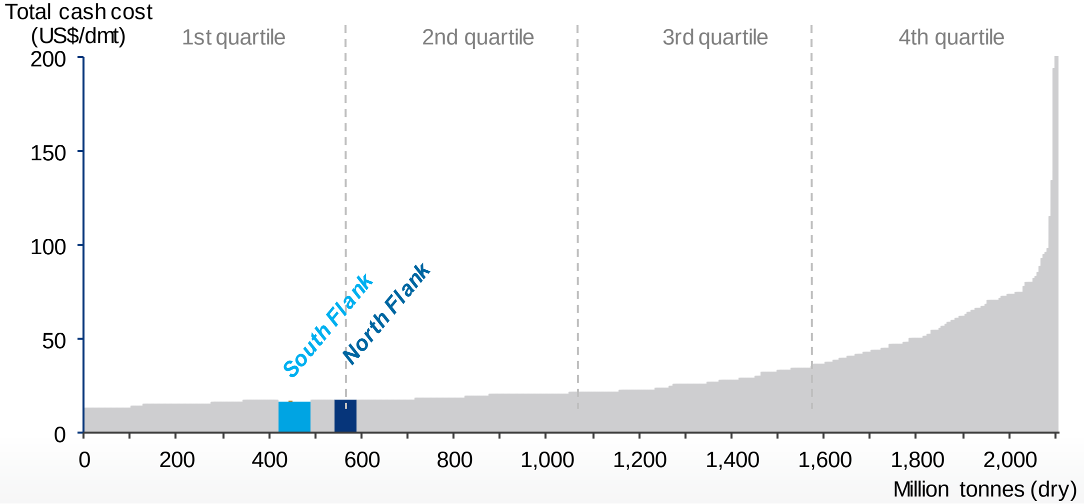
3. MAC Royalty
The Cornerstone Asset

MAC Royalty Overview

Ownership of the MAC Royalty gives Deterra Royalties exposure to one of the premier iron ore mines globally as measured by scale, cost position, credibility of the operator and remaining asset life

- Operated by BHP, world's largest diversified mining company, ASX-listed
- A long-life, high-grade, low-cost asset forming part of BHP's integrated Western Australia Iron Ore Operations
- >30 year asset life, with BHP having a track record of Reserves replacement
- Three 'A' credit rated owners of Mining Area C - BHP, Mitsui and Itochu

Iron ore total cash cost curve (2023F)[1]: MAC North & South Flank



MAC Royalty is Deterra Royalties' cornerstone asset[2]

MAC Royalty

Ongoing **1.232%** of Australian dollar denominated FOB revenue from the MAC Royalty Area (**Revenue Payments**)	One-off **A$1 million** per **one million tonne** increase in annual production (**Capacity Payments**)	**A$85.1 million** MAC Royalty CY19 revenue

MAC Operations

BHP Operated mine within its WAIO	**55 million dmt** CY19 sales volume Mining Area C	**139 million dmtpa** Production capacity post completion of South Flank	**+30 years** remaining mine life

Notes: (1) Source: Wood Mackenzie. Total cash costs are defined as direct cash cost associated with the mining, processing and transport of the marketable product, including general and administration overhead costs directly related to mine production, royalties, levies and other indirect taxes. (2) Refer to page 34 for summary of Deterra Royalties' other royalty interests.

4. Growth Opportunities: Organic

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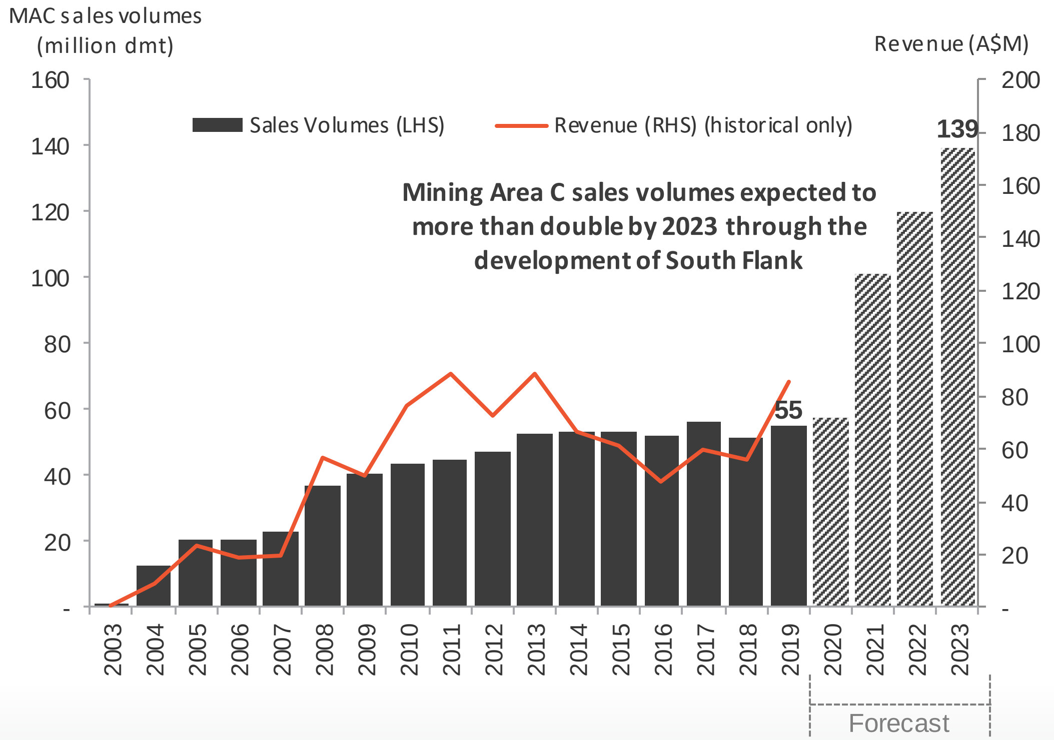
Near term organic growth driven by South Flank

MAC iron ore sales volumes are expected to more than double by 2023 due to BHP's South Flank expansion, which is now over 76% complete

- 145 million wmtpa (139 million dmtpa) iron ore production rate from 2023 expected to be sustained for more than thirty years, with BHP having a history of Reserves replacement at its Western Australian Iron Ore Operations
- No operating or capital contribution required from Deterra Royalties - attractive free cash flow conversion characteristics
  - one-off $1 million per 1 million tonne increase in annual production
  - 1.232% of increased revenue from MAC Royalty Area

Mining Area C sales volumes (million dmt)[1,2]



Notes: (1) Source: Iluka reported MAC Royalty sales volumes, Wood Mackenzie, Iron Ore Markets and Asset Review, June 2020; (2) 100 per cent basis. Assumes forecast sales volumes is equal to production.

Multiple future growth options at Mining Area C

Current MAC operations expected to continue until ~2050 with two potential mining areas identified by BHP in its long-term plan, Tandanya and Mudlark, likely to fall at least partially within the Royalty Area extending the potential royalty cash flows

BHP's current operations at North Flank and South Flank are expected to continue until ~2050:

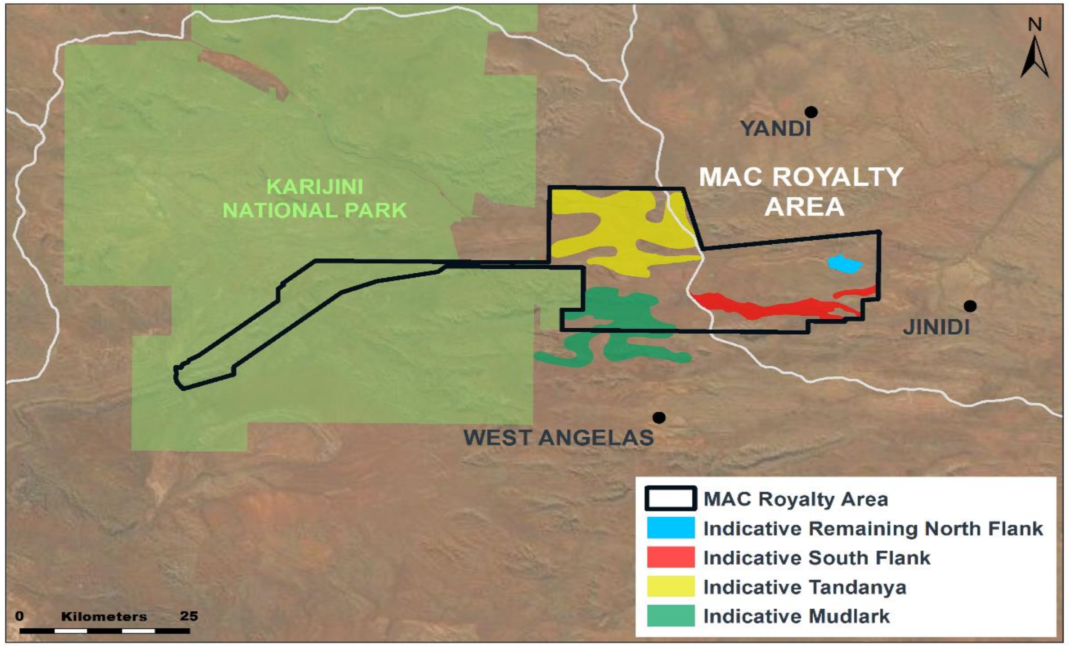
> *"First ore from South Flank is targeted in the 2021 calendar year, with the project expected to produce ore for **more than 25 years.**"*
>
> *ASX Announcement, BHP approves South Flank project, 14 June 2018*

> *"It is expected that the life of the Mining Area C mining operation, inclusive of Northern and Southern Flanks, will be **approximately 30 years**, commencing in approximately 2020."*
>
> *Mining Area C Southern Flank Public Environmental Review, May 2017.*

… with potential for future development to extend operations well beyond that date:

> *"The long-term strategy for Mining Area C is to continue operations **to 2073**."*
>
> *Mining Area C Mine Closure Plan AML7000281 Rev 3.1 October 2017*

Future Mines - BHP's 50-100 Year Plan[1]



Notes: (1) Source: BHP, overlay of illustrative MAC Royalty Area. Location and mineralisation outline are for illustrative purposes only.

4. Growth Opportunities: Investment

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Growth strategy focused on value accretive investment

Deterra Royalties will seek to build a portfolio of royalty interests focusing on earnings growth and diversification by making complementary and value accretive investments

Key objectives of this strategy are to achieve:

- **Multiple sources of earnings growth** – new royalties with attractive returns, exposure to mine life extensions and production increases
- **Greater cash flow resilience and lower risk** – through portfolio diversification
- **Leverage to scaleable cost structure** – very limited incremental operating costs are expected to be required for new investments
- **Disciplined approach** – to investment and capital allocation

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Unique position as only listed Australian royalty investment company of scale

Deterra Royalties' growth parameters

Types of royalties	Focus on revenue or **sales based royalties** **Production or near production** assets
Types of commodities	**Broad commodity focus** – bulk commodities, precious metals, base metals, battery materials and energy will be considered. Will target transparent end markets and avoid commodities that are subject to potential regulatory restrictions or environmental pressures.
Geography	Primary focus on **Australian opportunities** Other geographies assessed on case-by-case basis
ESG	All projects and investments will be assessed across a **range of ESG criteria** (i.e. environmental, OH&S, community and indigenous relationships)

Deterra Royalties' competitive advantage

In evaluating opportunities within these parameters, Deterra Royalties will focus on opportunities where it brings a competitive advantage

- ✓ **Only ASX-listed Australian royalty investment company of scale:** Local headquarters and Board and management's knowledge and relationships make the company well placed to identify opportunities across Australia's significant resources sector
- ✓ **Valuable scrip currency:** ASX-listed scrip will provide the currency to monetise assets for natural sellers of these assets.
- ✓ **Commodity scope:** Commodity strategy will be driven by the ability to generate value, and will consider a broad range of commodities and opportunities. The company will not operate under the same investment policies as many other global royalty sector participants
- ✓ **Strong board and management team:** The company is led by a dedicated management team and board with broad relationships and expertise in a diverse range of commodities, financing and deal structuring.

Strong capacity to fund growth through the conservative use of debt and equity

Deterra Royalties has been set up with low debt, providing it with significant debt funding capacity in order to pursue value accretive growth

Low debt at inception provides significant debt funding capacity	**Pro-forma net debt A$14.2 million** **Debt facility of A$40m** for general corporate and working capital purposes
Debt funding to be supplemented by equity to extent required	**Intention to maintain a conservative balance sheet** in line with international peers While acquisitions can be funded through debt, this will be supplemented by equity to the extent required to maintain a conservative balance sheet
Disciplined funding model that focuses on consistent cash returns to shareholders	**100% NPAT dividend payout ratio[2]** The company's funding model may evolve over time depending on the nature of future acquisitions

Notes: (1) Source: Factset as at 31 July 2020; (2) Deterra's approach to dividends and dividend policy will be determined by the Deterra Board at its discretion and may change over time.

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5. Dividend Policy

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Attractive dividends expected to flow from ownership of long life MAC Royalty

Low debt and a scaleable corporate structure are designed to support the flow of dividends to shareholders

- Dividend policy to pay out 100% of NPAT as dividends, fully franked to extent possible[1]
- Earnings will be sensitive to iron ore prices, sales volumes and foreign exchange rates
- Deterra Royalties will have a conservative capital structure in place, which will limit interest costs
- Scaleable corporate structure and low G&A cost base

Illustrative EBIT Sensitivity (A$ million, real) assuming MAC sales of 139 million dmtpa[2]

Future steady state production (2023 onward) 139 million dmtpa		Iron Ore Fines: US$/DMT, 62% Fe (CFR)			
		55	65	75	Spot (106)
AUD:USD	0.75	$109m	$133m	$157m	$231m
	0.70	$117m	$143m	$169m	$248m
	Spot (0.70)	$116m	$142m	$168m	$247m
	0.65	$126m	$154m	$182m	$268m
	0.60	$138m	$168m	$198m	$291m

The potential EBIT sensitivity table incorporates the following assumptions:

- MAC Royalty Revenue Payments are based on quarterly sales volumes – sensitivity table assumes sales volumes equal to 100 per cent of production in the period, being 139 million dmtpa;
- assumed Australia to China freight charges of US$7.8/dmt as per Wood Mackenzie average forecast freight rates between 2020 and 2027 to convert the benchmark CFR price index to FOB terms to align with MAC Royalty Revenue Payment terms which are based on FOB revenue;
- assumed overall lump proportion as a percentage of total sales volumes of 35 percent post South Flank ramp-up based on BHP estimates;
- 22 per cent Lump premium over the 62% Fe CFR index price for fines based on the historical five-year average premium to 31 July 2020; and
- standalone corporate costs of A$6.9 million based on 2020 pro forma accounts.

Notes: (1) Deterra's approach to dividends and dividend policy will be determined by the Deterra Board at its discretion and may change over time. (2) Iron ore price range based on Wood Mackenzie long term real price forecast of US$65/dmt plus and minus US$10.0/dmt and spot price of US$106/dmt based on the 31-day average of the 62% Fe CFR iron ore price to 31 July 2020; foreign exchange rate range based on five cent increments within the last two year trading range and spot based on the 31-day average to 31 July 2020 of 0.704 AUD:USD; MAC EBIT sensitivity table excludes expected one-off capacity payments, payable to Deterra Royalties as annual tonnages increase with South Flank ramp up.

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6. Conclusion: Investment Highlights

Source: BHP

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Royalty sector companies trade at premium multiples

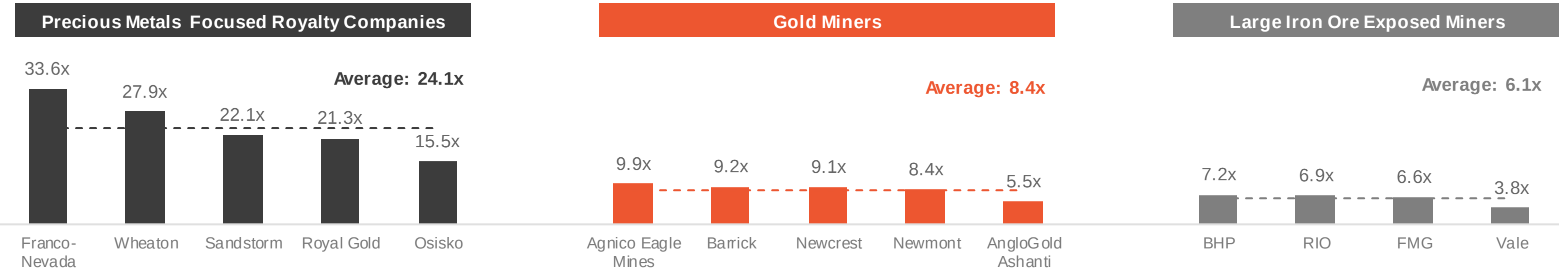
Large royalty companies tend to trade on higher multiples relative to large mining companies given the attractive operating model and exposure to the commodity outlook and growth

Attractive valuation compared to large mining companies

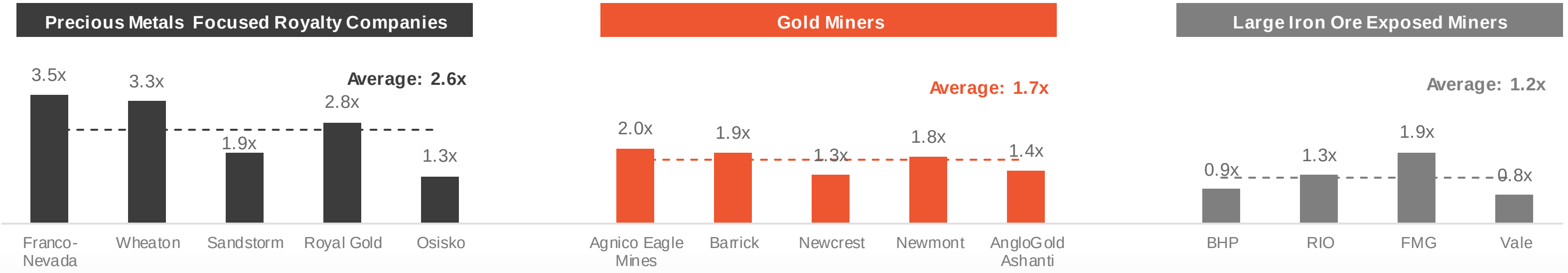
- Large royalty sector companies typically trade at higher multiples relative to large mining companies
  - reflects structural advantages royalties have relative to investment in large mining companies
  - upside exposure to production growth and commodity prices, with minimal exposure to capital, operating and environmental costs
- Large royalty companies also typically trade at premiums to market assessed net asset values (ie broker assessed valuations, typically on a discounted cash flow basis)
- Over time, with successful execution of its strategy, Deterra Royalties would aim to emulate the success of these larger royalty groups

Multiples Comparison – Largest royalty companies vs Largest Miners[1,2,3,4,5,6,7]

EV / EBITDA (CY21)



Price / NAV



Notes: (1) Source: Factset as at 31 July 2020; (2) The largest listed royalty companies typically have a significant skew towards gold and precious metals in their asset bases. To compare valuation metrics on a like-for-like basis, set out above is a comparison of the largest listed royalty companies to the largest listed gold miners from a valuation perspective.(3) The enterprise value is calculated as the sum of equity value (calculated as the closing share price as at 31 July 2020 multiplied by the total shares on issue) plus net debt and minority interests as at the last audited balance date. (4) Forecast EBITDA is the median available broker forecast. The average of 2021 and 2022 is used to create a CY2021 forecast where companies have a June financial year end. Details regarding the broker forecasts used in this section are set out in Appendix A of the Demerger Booklet. (5) Share prices, equity values, net asset values and EBITDA forecasts are converted from local currency to USD at the prevailing spot rate on 31 July 2020. Debt and minority interests are converted from local currency to USD at the prevailing spot rate on the last audited balance date. (6) P/NAV ratio is the current share price divided by the broker consensus net asset valuation per share, essentially a measure of what premium or discount a company trades at relative to assessed broker discounted cash flow valuation for the company. (7) The net asset value per share is the median available broker forecast. Details regarding the broker forecasts used in this section are set out in Appendix A of the Demerger Booklet.

Key drivers of success

Deterra Royalties will initially focus on maximising earnings and dividends to shareholders from Mining Area C and will look to execute a disciplined growth strategy that builds a portfolio of royalties over time

Maximise value from existing portfolio

Strong and growing cash flows	**Strong cash flows** with **embedded growth** from the MAC Royalty
Scaleable corporate structure	**Scaleable** corporate structure and low G&A cost base
Maximise dividends	**Target dividend payout of 100% NPAT[1]** that will be franked to the maximum extent possible

Execute disciplined growth strategy

Increase scale and diversification	Invest in new royalties that are complementary and value accretive Build a portfolio of royalties that provides **strong earnings growth and diversification**
Maintain discipline	Management focused on **disciplined capital allocation**
Significant debt carrying capacity to fund growth	**Significant debt carrying capacity** to fund value accretive acquisitions

Maximise shareholder value

Notes: (1) Deterra's approach to dividends and dividend policy will be determined by the Deterra Board at its discretion and may change over time.

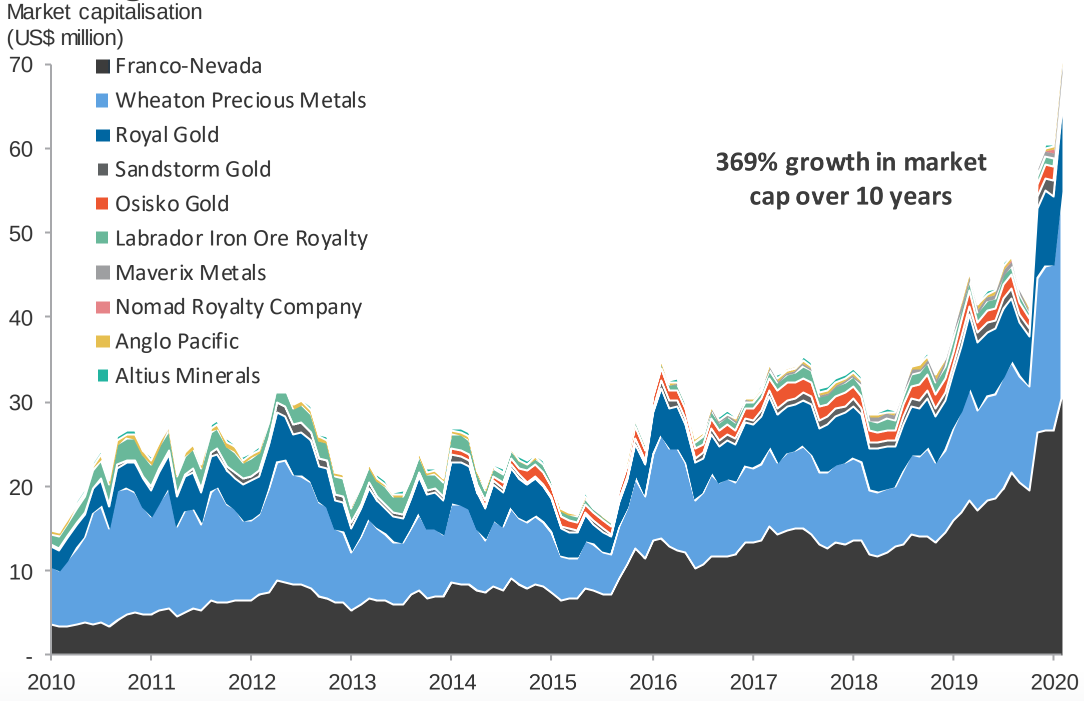
Appendix A:
Royalty Industry

Deterra ROYALTIES

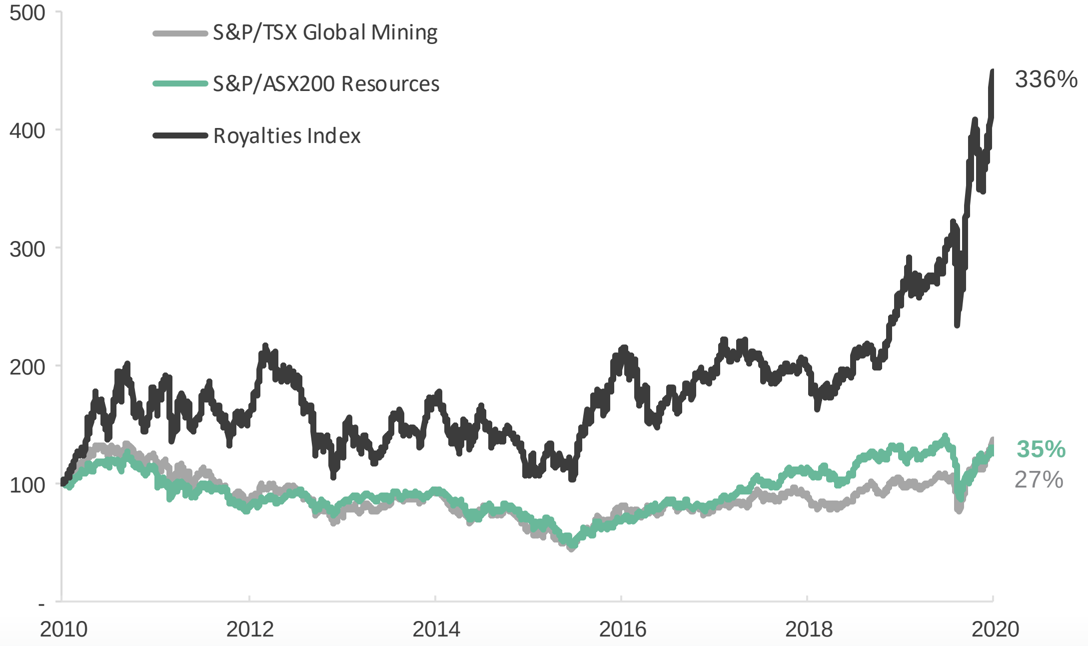
Evolution of the royalty industry

The listed resources royalty industry has grown significantly over the last decade given its appeal to investors relative to other resources investments and an attractive form of financing for mining projects

Growing business model[1,2]



Track record of delivering superior returns[1,3]



Notes: (1) Source: Factset as at 31 July 2020; (2) Selected companies hold a combination of royalties and streams. Refer to Section 2.2.3 of the Demerger Booklet for the definitions of each. Market capitalisation calculated in US dollars. (3) Total shareholder returns with dividends reinvested. Royalties index weighted by market capitalisation in US dollars. Constituents include: Franco-Nevada, Wheaton Precious Metals, Royal Gold Inc, Osisko Gold Royalties, Sandstorm Gold, Altius Minerals Corporation, Maverix Metals Inc, Nomad Royalty Company, Anglo Pacific Group and Labrador Iron Ore Corporation. Note: Royalty companies included in the Royalties Index are exposed to various different commodities to Deterra Royalties and interests are typically held within a portfolio of royalty and / or streaming interests

Listed royalty companies

The listed resources royalty business model is well-established in North America. However there are no pure-play non-precious royalty companies of similar scale and quality to Deterra Royalties

- There are over 50 listed royalty companies globally who are primarily located in North America
- The listed royalty sector historically focused on precious metals
- Over time, the business model has evolved:
  - precious metals royalty companies now also have non-precious metals royalties
  - royalties and streams are now an alternative source of financing for greenfield mining projects, exploration and recapitalisations
  - companies have looked to acquire historical royalties which are often established in M&A or through legacy commercial relationships

Select peers[1]	Market cap (US$bn)	Listing	Approximate # of royalties	Commodity focus
Franco-Nevada	30.4	TSE, NYSE	374	Precious metals
Wheaton Precious Metals	24.3	TSE, NYSE	29	Precious metals
Royal Gold Inc.	9.2	NASDAQ	187	Precious metals
Osisko Gold Royalties	1.9	TSE, NYSE	135	Precious metals
Sandstorm Gold Royalties	1.8	TSE, NYSE	200	Precious metals
Labrador Iron Ore Royalty Corporation	1.2	TSE	1 (mine equity + royalty)[2]	Iron ore
Maverix Metals Inc.	0.6	TSE, NYSE	100	Precious metals
Nomad	0.6	TSE	10	Precious metals
Anglo Pacific	0.3	LON, TSE	15	Coal, Iron ore
Altius	0.3	TSE	52	Base metals, Potash, Iron ore

Notes: (1) Based on company disclosures as at 31 July 2020. Market capitalisation for each company calculated as the closing share price as at 31 July 2020 multiplied by the total number of shares on issue. (2) This company's scope of investment is limited by its constitution to this one iron ore mine only.

Appendix B: Deterra Royalties Background Information

Deterra
ROYALTIES

History of Mining Area C

Mining Area C has a long history dating back to when the Mount Goldsworthy JV was created in 1962.

South Flank expansion drives decision to review the Mining area C's position within Iluka portfolio

1962
Establishment of Mount Goldsworthy JV

The Mount Goldsworthy Joint Venture was created in February 1962 between Consolidated Gold Fields (Australia) Pty. Limited, an antecedent of Iluka now known as Deterra Royalties (MAC) Limited, and two other joint venture parties.

Note: Iluka has evolved through several predecessor companies before being formed in 1998 as a result of merger between Westralian Sands and Renison Goldfields Consolidated.

1977
Sale of the joint venture interest

One-third interest in the Mount Goldsworthy joint venture was sold in 1977, a portion which was paid as deferred consideration. Subsequently, further changes in ownership occurred, including the acquisition of an interest in the joint venture by BHP Iron (BHP) in 1979.

1994
Creation of the MAC Royalty

The MAC Royalty was created to release BHP and the other joint venture parties from the deferred consideration due under the 1977 Sale and Purchase Agreement.

2003
Mining Area C commenced production

In April 2002, the BHP board approved the development of MAC. The project was commissioned in 2003, with first ore railed from the MAC Royalty Area to the port at Nelson Point on 16 August 2003.

The first shipment of ore departed Nelson Point on 24 September 2003. The initial production capacity was 15 Mtpa. Since then, production has increased significantly and in 2019 produced 60 million wmt.

2018
South Flank expansion

South Flank project commenced construction in July 2018 and as at June 2020, the project construction was more than 76 per cent complete and on schedule and budget to reach first production in 2021. Once at full ramp up, Mining Area C is expected produce 139 million dmtpa.

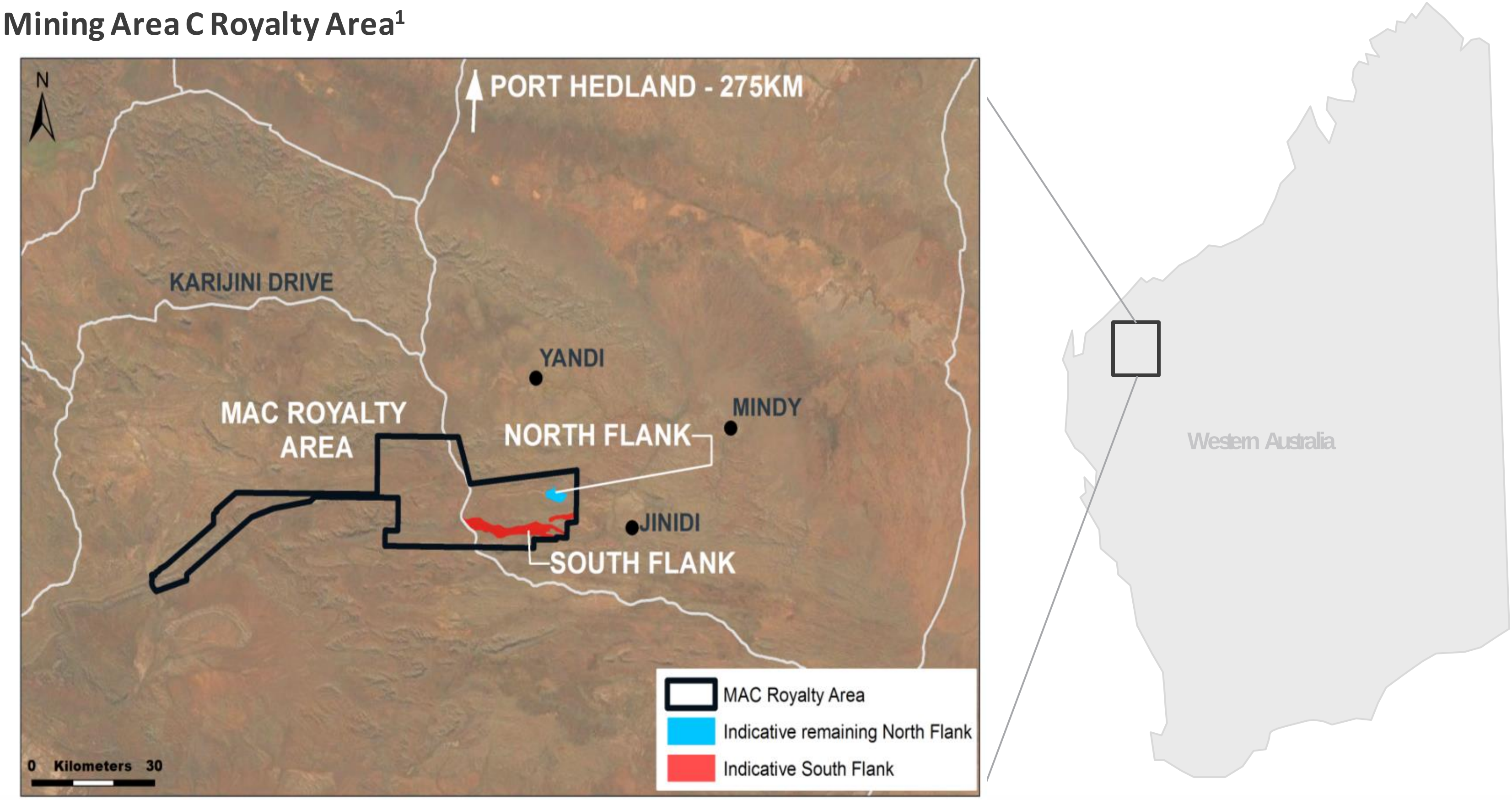
2019
Iluka commenced a review of the businesses optimal corporate & capital structure

2020
Iluka announced its intention to demerge Deterra Royalties

Map of Mining Area C

- Mining Area C is located in WA ~90km north west of Newman Township in the Pilbara region
- The MAC Royalty area is the area of mining area 'C' as defined under the Iron Ore (Mount Goldsworthy) Agreement Act and principally relates to the Mining Area C operation
- The Pilbara region is one of the premier iron ore regions in the world

Mining Area C Royalty Area[1]



Notes: (1) Source: BHP, overlay of illustrative MAC Royalty Area. Note: Location and mineralisation outline digitised from small scale map and should be used for illustrative purposes only; (2) Wood Mackenzie, Iron Ore Markets and Asset Review, June 2020.

Deterra ROYALTIES

Portfolio of royalties

Deterra Royalties holds five other royalties (in addition to the MAC Royalty) as part of its existing portfolio

Project[1]	Counterparty	Location	Commodity	Status	Deterra Royalties Revenue (2019)	Royalty Key Terms
Yoongarillup Mineral Sands Mine (certain tenements) (under two royalty agreements)	Doral Mineral Sands Pty Limited	South West, WA	Mineral sands	Producing	A$0.6 million	2% of revenue from sales of Minerals
Eneabba Project	Sheffield Resources Limited	Mid West, WA	Mineral sands	Exploration	n/a	1.5% of gross revenue from sales of Minerals
Wonnerup Project	Cable Sands (W.A.) Pty Ltd	South West, WA	Mineral sands	Production	Nil	$0.70 per tonne of Valuable Heavy Mineral
St Ives Gold Project	St Ives Gold Mining Company Pty Limited	Eastern Goldfields, WA	Minerals	No known activity	n/a	3% of gross revenue (subject to conditions)

Notes: Refer to section 2.8 of the Demerger Booklet for additional information on the portfolio of other royalties.

Appendix C: Supporting Financial Information

Prudent capital structure to support business strategy

Deterra Royalties has been established with a conservative capital structure to provide it with the financial flexibility to pursue value accretive growth

Capital Structure

Pro-forma capital structure (as at 30 June 2020)	A$ million, pro forma
Drawn debt	14.2
Cash and cash equivalents	nil
Net debt	**14.2**
Undrawn debt	40
Total liquidity	**25.8**

- Deterra Royalties has been established with a conservative capital structure, providing it with financial flexibility to pursue value accretive growth
- Deterra Royalties' dividend policy is to pay 100% of NPAT as dividends which are franked to the maximum extent possible[1]
- Deterra Royalties' first dividend paid will be for half year ending 31 December 2020

Balance Sheet

Pro-forma balance sheet (as at 30 June 2020)	A$ million, pro forma
Cash	nil
Total Assets	**17.0**
Debt	14.2
Total Liabilities	**15.9**
Total Equity	**1.1**

- Deterra Royalties' book equity reflects the MAC Royalty held on balance sheet at $10.2 million

1. Deterra Royalties' approach to dividends and dividend policy will be determined by the Deterra Board at its discretion and may change over time.

Deterra ROYALTIES

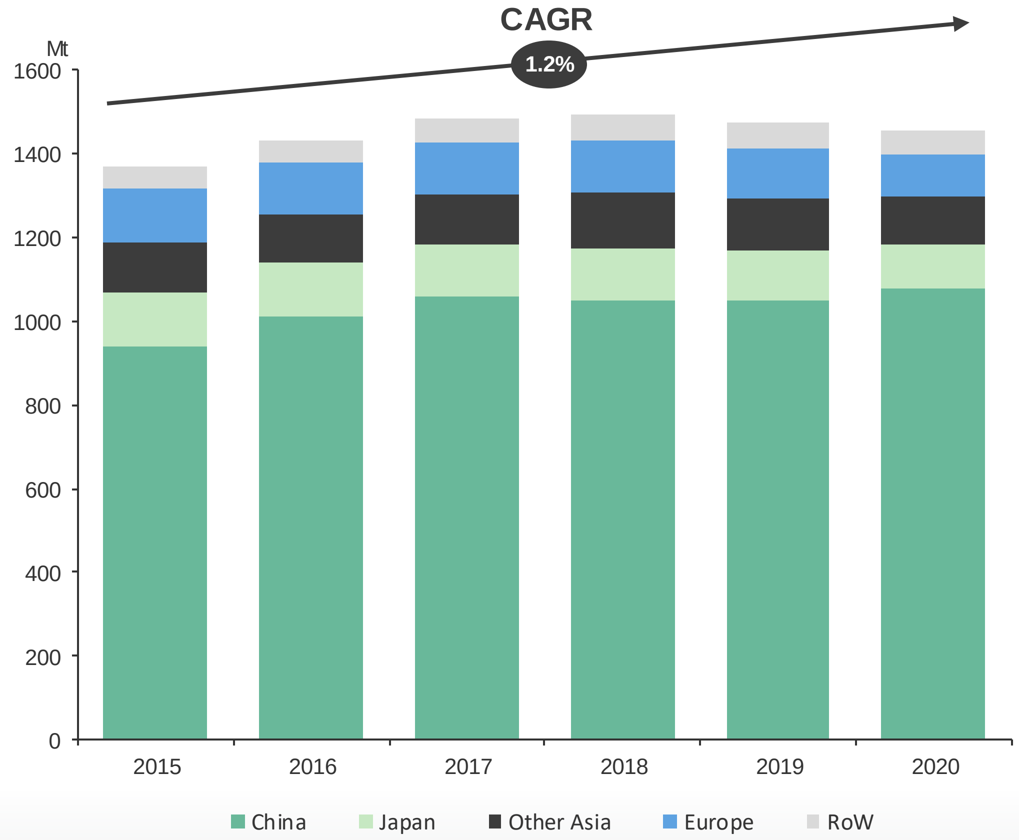
Appendix D: Background to Iron Ore Markets

Iron ore market outlook – Demand

Demand commentary

- Global seaborne iron ore demand has more than tripled over the past two decades
  - Demand has been primarily driven by China's rapidly growing steel production
  - China represents 71% of international demand for seaborne iron ore in 2019
- Outlook for iron ore is underpinned by China given the large market share, key observations on the outlook:
  - demand from China of iron ore has rapidly rebounded post COVID-19 lockdowns, with the resumption in industrial production
  - long-term while demand from China is expected to continue to grow, this growth is expected to be slower than that experienced during the last decade
  - China's aging population and the slowing rate of urbanization are expected to be major influences on the long-term demand for seaborne iron ore
- Developing countries e.g. India, Indonesia and Vietnam, have experienced rapid growth in economic activity over the past decade
  - continued growth from developing countries has the potential to favourably impact long term demand

Global seaborne iron ore demand



Source: Wood Mackenzie, Iron Ore Markets and Asset Review, June 2020.

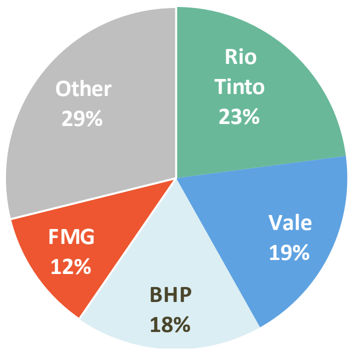
Deterra ROYALTIES

Iron ore market outlook – Supply

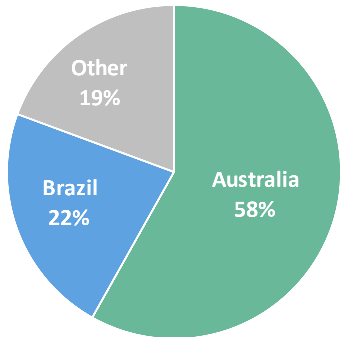
Supply commentary

- Seaborne iron ore supply is heavily concentrated with the top four major producers representing approximately 70% and two countries contributing 80% of supply:

Supply by producer (2019)

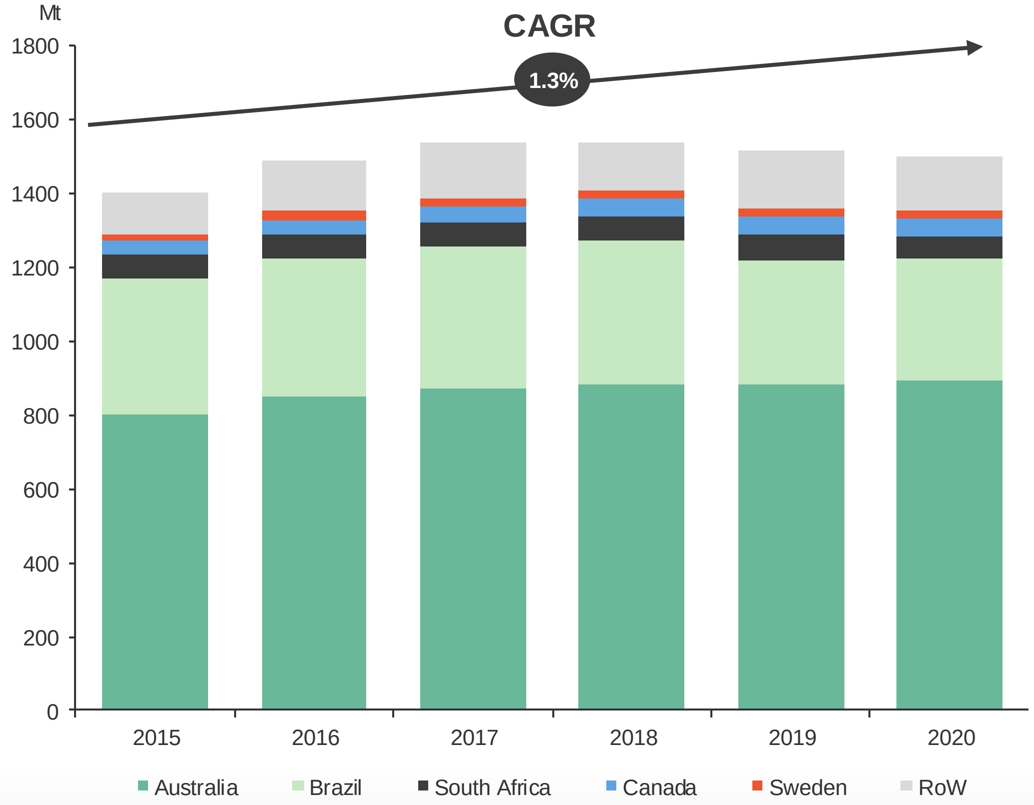


Supply by country (2019)



- Some of the major factors that are expected to influence the long-term supply include:
  - continued strong Australian production
  - the stabilisation and recovery of Brazilian production; and
  - the potential development of large scale projects outside of current production regions e.g. the Simandou deposit in Guinea

Global seaborne iron ore supply



Source: Wood Mackenzie, Iron Ore Markets and Asset Review, June 2020.

Deterra ROYALTIES

Appendix E:
Key Risks

Deterra
ROYALTIES

Key risks associated with an investment in Deterra Royalties

Some of the key risks associated with an investment in Deterra include:

- Fluctuations in commodity prices (particularly, iron ore) and foreign exchange rates
- Exposure to sales volumes
- Third parties control operations and development of mining assets
- Operating risks for underlying mining assets
- Access to infrastructure and provision of third party services
- Environmental, heritage and native title impacts
- Ability to access future growth opportunities
- Licences and permits
- Climate risks
- Government regulations
- Political events
- Changing expectations with respect to ESG standards
- Deterra's counterparty risk
- Access to information regarding the operation of Deterra's royalties
- Disputes
- MAC Royalty concentration
- Accidents or incidents
- Financial risks
- Ongoing employee attraction and retention

(1) See Section 2.15 of the Demerger Booklet for a description of these and other risk factors associated with an investment in Deterra shares.

Deterra
ROYALTIES