



Annual Report



20  
23

# ASX Appendix 4E

## Results for Announcement to the Market<sup>1</sup>

This statement includes the consolidated results of Deterra Royalties Limited for the year ended 30 June 2023 (FY23) on a statutory basis.

Report for the year ended 30 June 2023	2023 \$'000	2022 \$'000	Up/ Down	Movement %
Revenue from ordinary activities	229,264	265,155	Down	-14%
Profit from ordinary activities after tax attributable to members	152,458	178,462	Down	-15%
Net profit after tax attributable to members	152,458	178,462	Down	-15%

Dividend information	Cents Per Share	Franked Amount	Tax rate for franking
Final dividend for year ended 30 June 2022	22.08	100%	30%
Interim dividend	12.00	100%	30%
Final dividend declared for year ended 30 June 2023	16.85	100%	30%

### Final dividend dates (for year ended 30 June 2023)

Ex-dividend date	22 August 2023
Record date	23 August 2023
Payment date	19 September 2023

Tangible assets	30 June 2023	30 June 2022
Net tangible assets per share (cents)	15.86	20.82

Dividends – Further information on dividends paid or recommended is provided in the Directors' Report.

Further details and analysis can be found in the following pages that constitute Deterra's "FY23 Annual Report".

<sup>1</sup> This page and the accompanying 104 pages comprise the year-end financial information given to the Australian Securities Exchange (ASX) under Listing Rule 4.2A.3.



### On the cover:

Image on the front cover courtesy of Deterra Royalties' Senior Resource Geologist, James Thomson. Image is of Squiggle Cave, Grand Central Deposit, South Flank.

# Calendar of Key Events

Date	Event
23 August 2023	Dividend Record Date
29 August 2023	Closure of Acceptances of Director Nominations for AGM
19 September 2023	Dividend Payment Date
27 October 2023	Closure of Acceptances of Proxies for AGM
31 October 2023	Annual General Meeting

## A resources focused royalties business

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## About Deterra Royalties

Deterra Royalties Limited is based in Perth and is listed on the Australian Securities Exchange (**ASX code: DRR**).

The Company's principal activity is the management and growth of a portfolio of royalty assets across a range of commodities, primarily focused on bulk, base and battery metals. Deterra's existing portfolio includes royalties held over Mining Area C, in the Pilbara region of Western Australia, our cornerstone asset, as well as five smaller royalties including Yoongarillup/Yalyalup, Wonnerup, Eneabba and St Ives.

Partnering with developers and operators to finance the mines of the future by providing tailored **solutions** across:

### Primary Royalties

#### **Project financing -**

Streaming and royalty finance is well established in North America for financing new mining projects alongside debt and equity.

#### **Acquisition financing -**

By using streaming and royalty financing, miners have acquired larger and higher quality assets that could not have been financed through debt and equity alone.

#### **Debt reduction -**

In various stages of the mining cycle, royalties and streams have helped mining companies improve their balance sheets.

### Secondary Royalties

#### **Non Core Asset Sales -**

Acquisition of a single or portfolio of royalties from an owner where the asset is a non-operating or non-core part of the business.

#### **Corporate M&A -**

Corporate M&A between mining royalty companies.



Image: View of Mulla Mulla camp at Mining Area C



## A portfolio of royalty assets

Deterra holds six royalties in its current portfolio, creating growth through asset life extensions and exploration.

Our key royalty investment activities involve acquisition of royalties from third parties and providing finance to resource companies in return for royalties.

### Iron Ore

#### Our Portfolio

##### Mining Area C

Pilbara, Western Australia

Producing

#### End Uses

Construction

Transport

Household Appliances

Energy infrastructure

### Gold

#### Our Portfolio

##### St Ives Gold Project

Eastern Goldfields, Western Australia

Exploration

#### End Uses

Jewellery

Technology

Dentistry

Bars & Coins

### Mineral Sands

#### Our Portfolio

##### Yoongarillup & Yalyalup Mineral Sands Mines

South West, Western Australia

Producing Exploration

##### Wonerup Mineral Sands

South West, Western Australia

Producing

##### Eneabba Project

Mid West, Western Australia

Exploration

#### End Uses

Ceramics

Paint Pigments

Sunscreen

Cosmetics

# Highlights

Deterra Royalties (**ASX: DRR**) is pleased to release its Annual Report for the year 1 July 2022 to 30 June 2023.



✓ Lean business model delivering strong financial performance

✓ Developing value accretive growth options in addition to increased production from MAC South Flank

# Our Focus

Is simple and transparent, focused on high margins and disciplined growth.

## Our Business Model

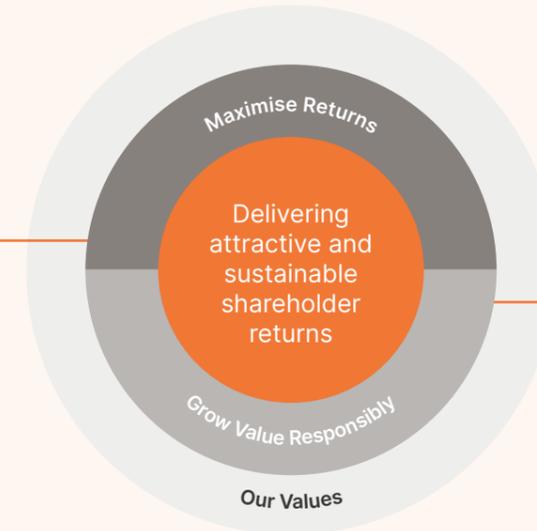
Offers a lower risk, higher margin exposure to the resources sector with a focus on shareholder returns.

Our core asset gives exposure to one of the world's most valuable iron ore operations.

## Our Strategy

### Maximise Returns

We operate with integrity, monitoring performance and maintaining transparency



### Grow Value Responsibly

We diversify our portfolio whilst acting with discipline and managing risk

## Our Values



### Discipline

Ensure we are disciplined in our processes and decision making.



### Creativity

Think creatively to develop opportunities to add value to our stakeholders.



### Collaboration

Work collaboratively within the company and with our shareholders.



### Challenge

Challenge the status quo.



### Integrity

Act with integrity in everything we do.

# Chair and CEO Report

Our royalties investment model provides option value at no incremental cost through exposure to future development of projects or deposits on tenements covered by our royalties.



## Dear Shareholders,

It is our pleasure to present to you Deterra Royalties' Annual Report for the financial year 2022/23 (FY23).

When Deterra was listed in late 2020, and since that time, we have been very clear in setting out the two core elements of the Company's strategy: providing our shareholders with transparency and access to the cash flow generated by our world-class Mining Area C royalty (MAC Royalty); and using this asset as a foundation on which to build a broader portfolio of royalty and streaming assets to provide new sources of growth and diversification. We have also been clear about our intention to be patient and disciplined in our approach to pursuing this strategy.

As we report on the Company's FY23 results and outlook, we are pleased to say that we have delivered on these objectives once again. In the less than three years since our listing we have returned more than \$400 million to our shareholders by way of fully franked dividends, paid or declared, representing all our Company's net profit and associated franking credits in that period. We have also maintained our patience and discipline in pursuit of growth opportunities, retaining our focus on adding long term value over time.

In the period since our listing, we have learned much about the market for new and existing royalties, which has reinforced our view of the importance of investing in the right opportunities at the right time. We have been in the fortunate position of having organic growth, scale and cash flow and believe our patience will be rewarded as mining and commodity markets move in a direction that is more conducive to royalty and streaming funding.

In our letter last year we referred to the softening we had seen in broader economic and capital market conditions, and our belief that this would lead to an increase in the number and quality of growth opportunities for the Company. This remains the case and we believe we are now in a prospective period for value accretive growth.

### Net profit after tax

**\$152.5m**

decreased by 15 per cent

### Final Declared Dividend

**16.85¢**

per share fully franked, equal to 100 per cent of NPAT

### Full Year Dividend

**28.85¢**

per share fully franked, equal to 100 per cent of NPAT

## Asset Performance

Our portfolio of producing assets continues to perform well and deliver growth. In particular our major asset, the MAC Royalty once again reported record production volumes of 126 million wet tonnes (mwt) as the South Flank operations continue to ramp up. This US\$3.6 billion expansion remains on schedule to reach full run-rate production by mid-2024, at which point the combined Mining Area C capacity of 145mwtpa will make it the largest iron ore production hub in the world.

Our mineral sands royalties also recorded strong performance with Doral's Yalyalup mine reaching full production capacity of approximately 100,000 tonnes of heavy mineral concentrate and extension of Tronox' Wonnerup operations approved.

## Financial Performance

Financially, the Company has also reported another strong set of results with total revenue of \$229.3 million. Total revenues were down 14 per cent on FY22, largely due to reduced one-off capacity payments from Mining Area C as the South Flank expansion approaches completion. The value of this expansion was once again evident as the growth in volumes largely offset softer realised iron ore pricing. As a result, underlying royalty revenue (excluding one-off capacity payments) was down 1.6 per cent, with Doral's Yalyalup revenue up significantly to \$1 million.

Full-year earnings before interest, tax, depreciation and amortisation (EBITDA) were \$219.3 million at an EBITDA margin of 96 per cent, a decrease of 15 per cent from the prior year. Capacity payments reduced from \$46 million to \$13 million, and operating expenses increased from \$7.6 million to \$8.5 million, reflecting greater activity in business development.

The Company has declared a final dividend of 16.85 cents per share which, together with the interim dividend of 12.00 cents per share, brings the total financial year 2022/23 dividend to 28.85 cents per share fully franked, equal to 100 per cent of NPAT.

As we move into a prospective period for growth, our approach to capital management will also evolve. In particular, we highlight the discretion the board has to adjust the payout ratio and that if we are to grow and minimise dilution to shareholders some retention of earnings may be required.

## Positioned for growth

As noted above, our existing assets continue to provide organic volume growth, with further growth anticipated in the short term as South Flank annual production continues to build to its 145mwtpa nameplate capacity over the next year, from its reported 126 mwt production in the 12 months to June 30, 2023. With respect to new investment, our business development team has been very busy evaluating opportunities. Although no new investment were made in FY23, the pipeline is as active as it has ever been with a number of opportunities under consideration at all stages of review.

Our focus remains on commodities other than precious metals where we believe we can compete effectively, in particular bulk commodities including iron ore and fertilisers, and base metals including copper and nickel, in geographies with well-developed mining infrastructures and legal frameworks, primarily Australia, the Americas and Europe.

Our ability to act quickly on value-accretive opportunities as they arise is key to our growth strategy, and we continue to strengthen our capacity in that regard, both in terms of access to capital through the expansion of our debt facilities to \$500 million, which provides a level of liquidity that is an important differentiator for the Company, and continuing investment in our team's capability to review and execute on these opportunities.

## Sustainability

We are committed to delivering sustainable shareholder returns, which requires continued focus on our environment, social and governance performance. Our progress in that regard is discussed in detail in the Sustainability Report on page 12. However, our key achievements include:

- strengthening of our board and committee membership through the addition of Jason Neal who brings a wealth of mining investment experience and is based in the royalty and streaming centre of Toronto;
- meeting our net zero emissions again in FY23; and
- our support of local communities, including most significantly our partnership with Earbus Foundation WA to provide important healthcare support to remote communities in the Pilbara region.

In summary, it has been another year of strong financial performance for the Company. We remain focused on our core principles of creating value for shareholders and growing the business in a patient and disciplined way and look forward to building the Company with your continued support.

**Jennifer Seabrook**  
Independent Chair

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

## Our Board



From left to right: Adele Stratton, Graeme Devlin, Jennifer Seabrook, Jason Neal, Julian Andrews, Joanne Warner

Deterra has a well credentialed board with extensive expertise in the global resources sector with deep and diverse networks in the mining industry.

**Jennifer Seabrook**

Independent Chair

**Julian Andrews**

Managing Director & 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 (Iluka nominee)

## Our Team

Our team brings together a unique blend of corporate and mining finance experience spanning a diverse range of projects, mining companies and financial institutions.



**Julian Andrews**

Managing Director & Chief Executive Officer



**Brendan Ryan**

Chief Financial Officer & Company Secretary



**Bronwyn Kerr**

General Counsel & Company Secretary



**Adrian Stone**

Chief Technical Advisor & Business Development



**Li Li**

Financial Controller



**Vanessa Pereira**

Executive Assistant & Office Manager



**James Thomson**

Senior Resource Geologist



**Adrian Hartojo**

Senior Business Development Analyst



Image: Outlook from South Flank printed with permission from BHP Group

## Sustainability

We are committed to delivering sustainable outcomes. For us this means operating with integrity and growing responsibly. Critical to this is our performance in Environment, Social & Governance.

## Operating with Integrity

Our approach to sustainability is focused on our material topics, as defined by the Global Reporting Initiative (GRI) Standards. Our material topics are:

- Governance, transparency, and disclosure
- Climate change mitigation and energy
- Value chain / investment due diligence

Our aim is to deliver meaningful outcomes for our business, shareholders, and stakeholders.

This year we have taken steps to strengthen our consideration of ESG in our due diligence processes for new investments and implemented strategies to further embed our commitment to respect human rights in our supply chain decisions. We have also implemented our first significant external community investment, which has seen us establish a partnership with Earbus Foundation WA and we have increased our team's involvement in activities which benefit the wider community.

These achievements, along with how we manage our material topics is detailed in this section of our annual report.



## Key ESG Achievements

### Governance



Strengthened ESG due diligence process



8

Employees  
38% female



6

Board members  
50% female

### Social



Partnered with **Earbus Foundation WA** and increased team involvement in supporting community services

### Environmental



Achieved **Net Zero** operational (Scope 1 & 2) GHG emissions

### Materiality

A materiality assessment enables us to identify and prioritise ESG topics, with a focus on where we can have a material impact directly through our own actions or indirectly through our investment partners.

Given the nature of our industry, our direct ESG risk exposure is limited. However, we recognise that we are indirectly exposed to ESG risks through the assets in which we invest. As we continue to grow, it will be important that we carefully assess not only the quality of the assets we invest in but also our operating partners in order to manage our indirect ESG risk exposure. This is reflected in our material topics.

In FY23, we undertook a review of our material topics in line with the GRI Standards. In determining our material issues, we conducted a review of our business, the external landscape and peer and competitor disclosure practices. This helped to establish a 'material universe' or list of potentially material topics. The list of material topics was then prioritised based on the significance of the potential impact of the issue to our business and the influence the issue may have on our stakeholder's decisions. The list of material topics was then reviewed and endorsed by our Board:

- Governance, transparency, and disclosure
- Climate change mitigation and energy
- Value chain / investment due diligence

We talk to each of these topics in the following sections.



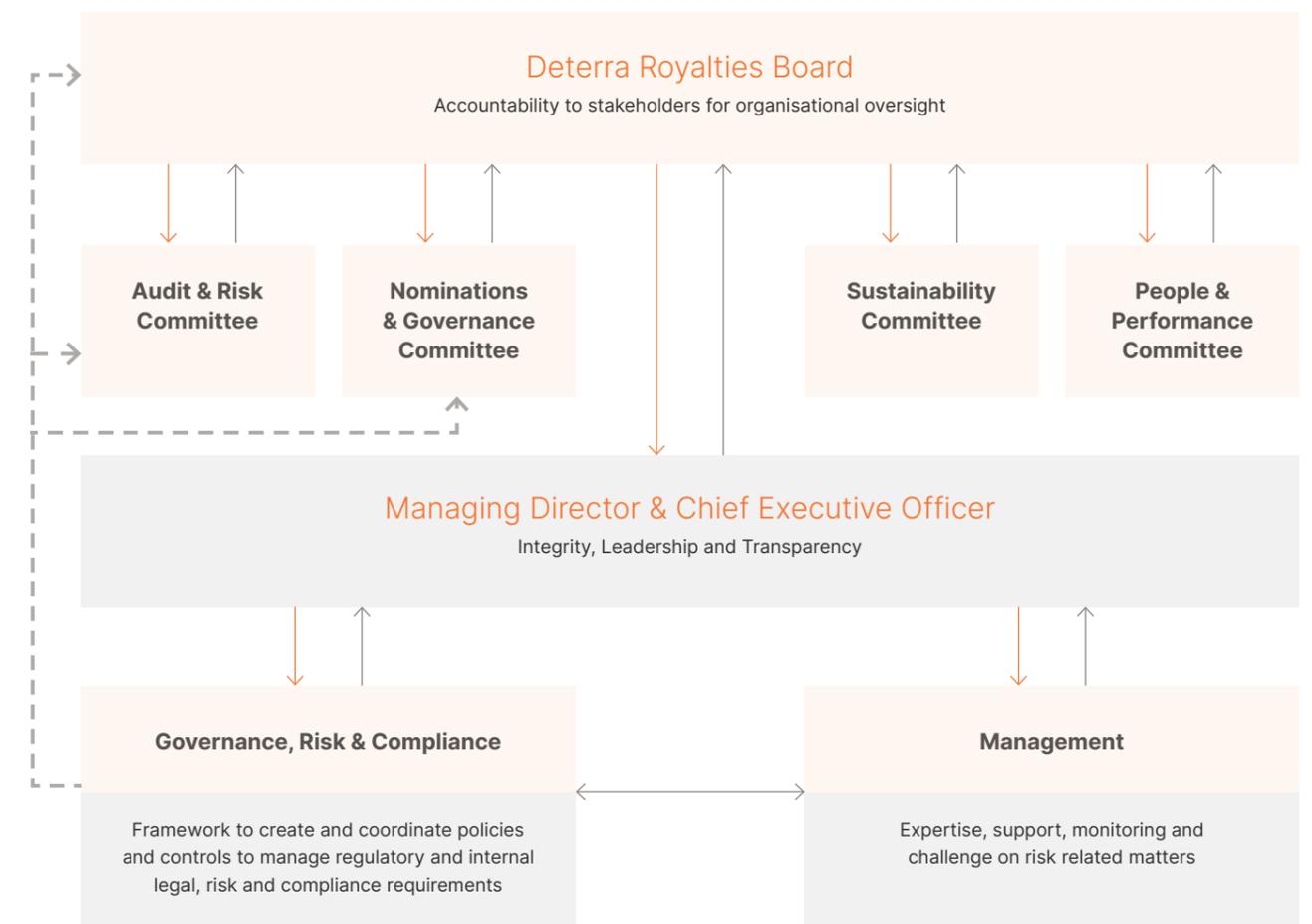
Image: Overview of Yalyalup Minesite courtesy of Doral Mineral Sands

## Corporate Governance, Transparency and Disclosure

We are committed to strong corporate governance and believe it is essential for building a sustainable business and creating long term value for our stakeholders.

We value acting ethically, with integrity and within the law. We aim to embed this behaviour across the organisation and in all our business dealings. Our governance framework is designed to support our team in delivering our strategy, as it provides the guidelines for effective and responsible decision-making.

The Board is responsible for providing oversight of the Company's strategic direction and value for its stakeholders. The Board has four standing committees: the Audit and Risk Committee, Nomination and Governance Committee, People and Performance Committee and Sustainability Committee. Our senior management team is responsible for implementation of our strategy and day-to-day management of our ESG performance.



### Key:

- ↓ Independent reporting line - delegation, direction, resources, oversight
- ↑ Accountability, reporting
- ↔ Alignment, communication, coordination, collaboration
- - - Independent reporting line

Our Codes of Conduct apply to all our directors, employees, and contractors. These Codes were updated in FY23 and provide a guideline for ensuring our company culture and values are upheld, in addition to addressing avoidance of conflicts of interest, compliance with laws, rules and regulations, confidentiality, internal controls and disclosure, protection and proper use of our resources and assets, communications, fair dealing, privacy, use of company computers and the internet, and reporting any violations of laws or regulations. The Codes of Conduct are used in conjunction with our Diversity and Inclusion Policy, Whistleblower Policy and Anti-Bribery and Corruption Policy to deliver on our values. All of these policies are available on our website.

In line with our commitment to ethical business practices and transparency and in accordance with the ASX regulations, we produced our annual Voluntary Tax Transparency Disclosure statement and Corporate Governance Statement.

### Diversity and Inclusion

As guided by our Diversity and Inclusion Policy, we strive to demonstrate diversity at the board level. Our board comprises of 50% female representation. We also aim to attract qualified and diverse candidates when recruiting our workforce and in 2023 38% of our employees were female. Moving forward we will continue to foster an environment that promotes and values diversity by embedding this into our decision-making.

### Human Rights

In 2021, our Board adopted the Human Rights Policy, which applies to the whole company. This outlines our commitment to prevent or mitigate human rights impacts in connection with our activities and to conduct our business activities with appropriate due diligence in accordance with relevant standards, laws, and regulations, including the UN Guiding Principles on Business and Human Rights. This year we updated our Sustainability Committee Charter to highlight the Committee's responsibility for undertaking our human rights (inclusive of modern slavery) risk analysis and overseeing implementation mitigation strategies. This includes compliance with and reporting under the Australian Modern Slavery Act (2018).

We submit Modern Slavery Statements annually, in line with the Modern Slavery Act.

Given the nature of our organisation, our direct risk exposure to modern slavery is limited to the eight-person office that we operate and our supply chain. To understand and address our direct risks, we continually assess our suppliers through a combination of surveys, review of supplier public disclosures and other diligence.

However, we recognise that we are indirectly exposed to modern slavery risks from the assets in which we invest. We acknowledge it is important we carefully assess not only the quality of the assets, but also our operating partners prior to making investment decisions in order to manage our indirect modern slavery risk exposure (see Value Chain Due Diligence section below).



Image: Mulla Mulla Wildflowers, found in the Pilbara of Western Australia

## Climate Change Mitigation and Energy

**We are committed to maintaining net zero emissions (Scope 1 & 2) within our own operations and investing responsibly.**

We view climate change as a global priority where we all have a role to play in reducing our impact and feel a responsibility to support decarbonisation and the transition to a low carbon economy.

'Climate change and energy use' is a material topic for us, and therefore a core focus area. Due to the nature of our business our direct impact on climate change is small. However, we do acknowledge that although our direct emissions are small, the operations in which we invest may have a greater impact. Therefore, we recognise the importance of deploying capital to operators that are working to drive down their carbon footprint, as such we are committed to assessing the emissions profile of prospective future investments.

### Greenhouse Gas Emissions Inventory

We have committed to assess our emissions profile and investigate ways to reduce our emissions. To achieve this, we engaged a consultancy to undertake an assessment of our emissions.

We have used the Greenhouse Gas Protocol Corporate Standard Technical Guidance for calculating our GHG emissions. There are no direct emissions from owned or controlled sources, therefore our Scope 1 emissions remain zero. We procured renewable energy for our Perth office via the purchase of Large scale Generation Certificates and therefore have disclosed both location-based and market-based figures for our electricity consumption. In some cases, data available covered 9-11 months which was extrapolated to estimate emissions for the entire FY23 period.

Emissions source	FY23	FY22
Scope 1 (tCO <sub>2</sub> -e)	0	0
Scope 2 (tCO <sub>2</sub> -e) – location-based (purchased electricity)	3.45	3.88
Purchased electricity from renewable energy (%)	100	100
Scope 2 (tCO <sub>2</sub> -e) – market-based	0	0

### Net Zero Commitment

In FY22 we adopted a Net Zero commitment via our Climate Policy. During FY23 we have maintained our commitment to having net zero emissions in our operations by continuing to have zero, direct Scope 1 emissions and continuing to procure renewable electricity to match our Scope 2 electricity such that our Scope 2 market-based emissions are also zero.

In addition, we have measured our travel related Scope 3 operational emissions including flights, taxis/rideshare, hotel accommodation and employee commuting. We have offset these emissions via the purchase of Gold Standard certified offsets.

### Physical and Transitional Risk

Climate related risks associated with our office based operations have been identified as minor. However, we do appreciate that there are risks associated with the investments that we make. To manage our risk, we screen for physical climate related risks, including adaptation and mitigation strategies, over short, medium and long term intervals through our due diligence process. We also assess the credentials of the operators of the projects under consideration and the jurisdictions in which the projects are located. This forms part of our decision making process when entering into new agreements. The due diligence process is undertaken by our staff along with consultants who have experience assessing ESG, technical, and financial risks. Of note, we have made a commitment to not target coal projects for new investment.

However, this is not just a risk, but also an opportunity. As a royalties company we are well placed to participate in opportunities stemming from the transition to a low carbon economy. As such we are embedding transitional risk analysis into our business model, where we will assess investment opportunities in commodities used for low emission products and services that have the potential to increase revenue due to greater demand for these resources.

### Iron Ore:

Iron Ore is a critical commodity in modern society and is fundamental for the transition to a low carbon economy as it is an essential material used in technologies such as wind turbines and electric vehicles.

The production of steel is energy intensive and results in high emissions, and in order for steel production to reduce emissions it is essential to decarbonize. Our main asset is BHP's Mining Area C and the South Flank extension, which contains high quality ore with a higher percentage of lump than many suppliers requiring less energy in a blast furnace. In addition, BHP has partnered with the University of Newcastle to research methods to decarbonize steelmaking to support their efforts in the transition to a low carbon economy.



<https://www.bhp.com/news/media-centre/releases/2022/02/bhp-extends-low-carbon-steel-research-partnership-with-the-university-of-newcastle>

## Value Chain / Investment Due Diligence

Our business model involves investing, principally through holding royalties and streams, in mining projects that are owned and operated by third-party mining companies. This means we do not directly control or influence the operations in which we have a financial interest. However, we are committed to responsible mining practices. We recognise that we are indirectly exposed to the ESG risks from the assets in which we invest. We acknowledge the importance of assessing not only the quality of the assets but also our operating partners carefully prior to making an investment in order to manage our ESG risk exposure. Our Sustainability Committee has developed ESG Assessment Criteria which are complemented by Deterra's Risk Appetite Statement and Procedures and Risk Management Framework.

As we continue to build our business and our portfolio of assets, we recognize the importance of making responsible investments. As such we have expanded our ESG Assessment Criteria and continue to refine our approach to assessing potential investment options. Prior to entering into royalty and stream agreements we undertake an ESG due diligence analysis, assessing and mitigating potential risks relating to an asset. The due diligence process varies based upon a number of factors, including whether the project is at the exploration, construction or operational phase, the type of commodity and geographic region. We believe that thorough assessment of ESG risks in association with the companies, projects, and locations in which we seek to invest will enhance the long-term performance of our company. Where necessary we engage third party specialists including technical, sustainability and legal experts to assist with our ESG due diligence. We will continue to refine our approach to our investment assessment.

Environment	Social	Governance
<p><b>E1 Compliance:</b> international standards, government regulations, etc.</p> <p><b>E2 Energy:</b> sources, intensity of use, etc.</p> <p><b>E3 Climate change:</b> Scope 1, 2, 3 emissions, physical and transitional risks and opportunities, etc.</p> <p><b>E4 Water:</b> usage, sources, recycling, disposal, etc.</p> <p><b>E5 Waste:</b> general waste, tailings, hazardous waste, etc.</p> <p><b>E6 Emissions:</b> noise, dust, air, vibrations, etc.</p> <p><b>E7 Biodiversity:</b> conservation status species and ecosystems, etc.</p> <p><b>E8 Closure:</b> planning, rehabilitation, etc.</p>	<p><b>S1 Health and safety:</b> incidents, fatalities, lost time injury frequency rates, etc.</p> <p><b>S2 People:</b> diversity and inclusion, attraction and retention, training and development, etc.</p> <p><b>S3 Human rights (inclusive of modern slavery):</b> commitment, assessment, remedy, etc.</p> <p><b>S4 Communities:</b> social impact management, stakeholder engagement, local content, etc.</p> <p><b>S5 Indigenous people:</b> engagement, agreements, etc.</p> <p><b>S6 Shared value:</b> contributions, programs, etc.</p> <p><b>S7 Supply chain management:</b> due diligence, etc.</p>	<p><b>G1 Structures:</b> corporate governance roles and responsibilities.</p> <p><b>G2 Policies:</b> corporate policies (e.g. Whistleblower Policy) and relevant codes of conduct for directors, employees and suppliers, etc.</p> <p><b>G3 Anti-bribery and corruption:</b> commitment, allegations, etc.</p> <p><b>G4 Memberships:</b> internationally recognised associations, organisations and standards (e.g. International Council on Mining &amp; Metals ("ICMM")).</p> <p><b>G5 Public disclosures:</b> ESG and financial performance, tax, etc.</p>

Assessment criteria to facilitate consistent and thorough due diligence of investment opportunities.

### Our Assets

We hold six royalties in our current portfolio. Our key royalty investment activities involve acquisition of royalties from third parties and providing financing to resource companies in return for royalties. See pages 4 - 5 of this Annual Report for further detail.

Our cornerstone royalty asset is over Mining Area C, which is operated by BHP Limited, a global diversified miner rated "A" by MSCI Inc for its approach to ESG issues. We plan to diversify our royalty portfolio over time through the disciplined acquisition of value accretive royalties.

## Mining Area C

**Operator:** BHP

**Country:** Australia

**Commodity:** Iron Ore

**Climate:** Deterra estimates that Mining Area C's emissions across Scope 1 and Scope 2 for FY23 will total 620 kT CO<sub>2</sub>e (AME, GHG emissions intensity). BHP has set targets to reduce its operational emissions by at least 30% from 2020 levels by 2030 and achieve net zero by 2050. In FY20, BHP announced a commitment of US\$400 million over 5 years to invest in GHG emissions reductions across all of its operated assets.

**Water Management:** In FY19 BHP developed a Water Stewardship Position Statement that expresses BHP's commitment to and advocacy for water stewardship. BHP has committed to setting public, context based, business level targets that aim to both improve its management of water and support shared approaches to water management within the regions it operates.

**Biodiversity:** Mining Area C is located in the Pilbara Region of Western Australia. BHP is committed to the effective management of the land and biodiversity risks, and to contributing to a resilient environment beyond the immediate areas of their operational activities. Supporting conservation efforts beyond its footprint as a way of creating value for society.

**Diversity & Inclusion:** BHP has publicly announced its aspiration to achieve gender balance within its workforce globally by the end of FY25. As of the end of FY22, 27.9% of leadership and 35.8% of the employee workforce was female. BHP have also set targets to achieve Indigenous employment of 8% in its Australian workforce by FY25. BHP has conducted LGBT+ awareness training across its operated assets and work has progressed to reach LGBT+ people in the regions and ensure employees are safe and supported onsite.

**Health & Safety:** BHP acknowledges the health and safety of its workforce and communities in which it operates is paramount. They have introduced the Fatality Elimination Program, Integrated Contractor Management Program and Field Leadership Program to enable the achievement of its safety targets. In FY22, the total recordable injury frequency (TRIF) performance was 4.0 per million hours worked with the highest number of injuries related to slips, trips, and falls. BHP undertakes a range of activities to enhance the physical and mental wellbeing of its employees in addition to a range of targeted health programs such as the better sleep program.

**Transparency:** BHP supports transparency and disclosure initiatives and partners with Transparency International, has representation on the board of Extractive Industries Transparency Initiative Standard, contributes to the Bribery Prevention Network (Australia) and established the BHP Foundation. In FY21 BHP published comprehensive reports on BHP's Climate Transition Action Plan, Annual Report (inclusive of Sustainability), ESG Standards and Databook, Modern Slavery Statement and Tailings and Storage Facility Policy Statement.

Source unless stated: <https://www.bhp.com/sustainability>



Image: Conveyor of Iron Ore



“The partnership with Deterra Royalties is a wonderful outcome for us – and for Aboriginal and educationally at-risk children in the region – and we are grateful and excited to be on the road”

Earbus Foundation Executive Director Paul Higginbotham

## Community Investment

### Deterra's Partnership with Earbus

As part of our commitment to supporting the local community, we have partnered with Earbus Foundation of Western Australia. In 2021, the funding then available to the Earbus Foundation ceased and the organization was forced to reduce services to Newman, a service centre and town located in the Pilbara region of Western Australia within 100km of BHP's Mining Area C. We were pleased to have the opportunity to step in and provide funding to enable the clinical service to recommence this year.

The Earbus Foundation is a children's charity that works to reduce the incidence and impact of middle ear disease and hearing loss in Aboriginal and at-risk children in Western Australia.

An under-estimated and under-treated condition, middle ear disease, also known as Otitis media, can affect every aspect of early childhood development, particularly speech and language. Children who cannot hear, cannot learn, leading to life long barriers in education and employment particularly. Eradicating the impacts of hearing loss gives young people the opportunity to reach their full potential through listening and learning.

Bringing together experts from education, health, culture, and communities, the Earbus Foundation outreach services are delivered from a purpose built mobile audiology and specialist clinic which can go where the kids are, eliminating access as a barrier to vital ear health care.

With six custom designed buses in the Earbus Foundation fleet, Earbus clinicians visit locations across regional and remote WA in the Goldfields, Esperance-Norseman, Perth Metro, Pilbara East, Pilbara Central, Pilbara South, Peel and Southwest. Each location is visited up to eleven times a year so the team can ensure continuous surveillance and follow up. The clinical buses are designed to be culturally safe and fun environments for children, with local artwork adorning each bus. Deterra is pleased to support the Central Pilbara clinical outreach.

### Our team's commitment to community

Our team is passionate about supporting worthy causes such as Asthma WA and cancer research. This year they participated in a number of events including Asthma WA's Corporate Table Tennis Challenge, Perkins Walk for Women's Cancer, and the MACA Cancer 200 Ride for Research.

#### Perkins Walk for Women's Cancer

In April 2023, a team of 25 dedicated walkers completed the 35km Walk for Women's Cancer, which included members from our corporate team and their families. Together we raised \$26,009 for much needed cancer research at the Harry Perkins Institute of Medical Research.



#### Asthma WA's Corporate Table Tennis Challenge

In May 2023, our team joined together to help raise approximately \$15,000 for vital equipment required to accurately diagnose respiratory conditions such as asthma, COPD, emphysema, and bronchiectasis.

#### MACA Cancer 200 Ride for Research

In October 2022, four members of our team embarked on a two day, 200km journey, raising \$20,592 for cancer research in WA.



## United Nations Global Compact Index

We aim to demonstrate sustainability leadership in our practices, actions, and investments. In early 2022, we joined the United Nations Global Compact (UNGC), committing to implement its Ten Principles for sustainability and in 2023 we have maintained this commitment.

Area	Principle	For more information
Human Rights	1: Business should support and respect the protection of internationally proclaimed human rights; and	See Human Rights section
	2: Make sure that they are not complicit in human rights abuses.	
Labour	3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;	See Investing Responsibly section
	4: The elimination of all forms of forced and compulsory labour;	See Human Rights section
	5: The effective abolition of child labour, and;	
Environment	6: The elimination of discrimination in respect of employment and occupation	See Climate Change Mitigation and Energy section
	7: Businesses should support a precautionary approach to environmental challenges;	
	8: Undertake initiatives to promote greater environmental responsibility; and	
Anti-Corruption	9: Encourage the development and diffusion of environmentally friendly technologies.	See Corporate Governance, Transparency and Disclosure section
	10: Businesses should work against corruption in all its forms, including extortion and bribery.	

## Next Steps

In coming years, we will continue to evolve our approach to sustainability in a way that reflects our values. We will report annually on our sustainability progress and performance.



**Complete**

- ✓ Continued to refine our ESG due diligence criteria
- ✓ Prepared our first Communication on progress for UN Global Compact
- ✓ Maintained net-zero operational GHG footprint
- ✓ Implemented our first external community investment – partnered with Earbus Foundation of WA and increased our community activities
- ✓ Zero health and safety incidents



**Next Steps**

- Continually improve our ESG due diligence process, ESG data collection and reporting
- Continue to improve on how we manage climate related risk and opportunities
- Annually submit our UNGC Communication on Progress report
- Monitor changes to sustainability reporting standards including mandatory climate reporting

This year we have taken steps to strengthen our due diligence processes for new investments and implemented strategies to further embed our commitment to respect human rights in our supply chain decisions.



We are committed to delivering sustainable outcomes. For us this means operating with integrity and growing responsibly.

# Voluntary Tax Transparency Disclosures

## 1. Tax governance, tax strategy and dealing with authorities

The Board of Directors is responsible for setting the Company's tax policy and overseeing tax governance. The Chief Financial Officer has oversight responsibility for tax strategy, the management of tax risk as well as the operational responsibility for execution of tax policies. The Chief Financial Officer reports to the Board's Audit and Risk Committee on a regular basis.

Deterra Royalties Limited, together with its 100 per cent controlled Australian subsidiaries, is a tax consolidated group (the Deterra Group) for Australian income tax purposes.

The Deterra Group:

- Recognises its responsibility to pay tax to all revenue authorities according to the tax rules and legislation of the jurisdictions in which it operates;
- Manages tax risk in the same manner as any other operational risk;
- Engages service providers with appropriate qualifications and experience to manage its tax obligations;
- Engages with revenue authorities, including the Australian Taxation Office, in a transparent and cooperative manner; and
- Has in place a Board approved Tax Policy that affirms the above principles and ensures that tax related decisions are made having regard to Deterra maintaining its integrity and reputation, including that they are made at an appropriately senior level and are supported by appropriate documentation.

## 2. Tax payments in FY23

Deterra Group is expecting to lodge its FY23 income tax return in September 2023. Table 1 below represents direct taxation payments made to governments by the Deterra Group for the year ended 30 June 2023.

Table 1 excludes taxes collected by the Deterra Group and passed on to revenue authorities such as goods and services tax and pay-as-you-go withholding on employee salaries:

Table 1: Direct tax payments to government	\$'000
Income tax instalments	77,958
State and Territory taxes (Payroll tax)	133
<b>Total tax payments to Australian Federal and State Governments</b>	<b>78,091</b>

## 3. Financial statement disclosures

### Income tax expense and effective tax rates

Table 2 extracts the 30 June 2023 accounting profit before income tax expense and effective tax rate from the 2023 annual financial statements disclosed in this Annual Report (Notes 5 and 6 in the Annual Financial Report).

Table 2: Calculations of effective tax rate	\$'000
Accounting profit before tax	217,713
Income tax expense (current and deferred tax expense)	65,254
<b>Effective tax rate</b>	<b>29.97%</b>

The reconciliation of the accounting profit before tax to the Income tax expense is disclosed in note 5(b) of the Financial Report.

Material temporary differences are disclosed in note 6 of the Financial Report.

### Reconciliation of income tax liabilities/(assets)

A reconciliation of the income tax expense per the annual financial statements to income tax liabilities/ (assets) at 30 June 2023 are as follows:

Table 3: Income tax liabilities/(assets) reconciliation	\$'000
Income tax liabilities/(assets) at beginning of period	(482)
Current income tax expense	77,818
Income tax instalments paid - relating to FY22	488
Income tax instalments paid - relating to FY23	(78,446)
<b>Income tax liabilities/(assets)</b>	<b>(622)</b>

## 4. International related party dealings

Deterra predominantly engages in regular business activities in Australia with funding sourced from unrelated independent financial institutions. For the year ended 30 June 2023, Deterra did not have any financing transactions with related parties.

# Corporate Governance

At Deterra, we believe that strong corporate governance is essential for building a sustainable business and creating long-term value for all our stakeholders.

Whilst the Board of Directors is responsible for the Company's corporate governance, it is critical that all those who work at Deterra act ethically, with integrity and within the law. We aim to embed this behaviour across the organisation and in all our business dealings.

Our governance framework is designed to support our team in the delivery of our strategy and provides the guidelines for effective and responsible decision making at Deterra.

The Board is responsible for promoting the success of Deterra whilst ensuring that the interests of shareholders and stakeholders are protected. The key functions for which the board are accountable include, setting the long term corporate strategy, reviewing and approving business plans and annual budgets, overseeing the risk management framework, approving material investments, approving financial statements, approving and monitoring the adherence to Company policies, developing and promoting corporate governance and demonstrating, promoting and endorsing an ethical culture.

## Board Committees

To assist the Board to discharge its responsibilities, the Board has established the following Committees:

- Audit & Risk
- Nominations & Governance
- People & Performance
- Sustainability

Each Committee works within a Charter approved by the Board, which sets out the roles and responsibilities, composition, structure and membership requirements for the Committee. Details of relevant qualifications and experience for all Committee members can be found on pages 30 and 31 of this Annual Report.

Further information about the Committees can be found in the FY23 Corporate Governance Statement and copies of the Board and Committee Charters can be found in the Governance section of Deterra's website at <https://deterraroyalties.com/sustainability/corporate-governance>.



Image: Deterra Board

Table 4: Summary of Committees

Members	Key Accountabilities
<b>Audit &amp; Risk Committee</b>	
Mr Graeme Devlin (Chair)	• Approve selection and review performance of independent external auditor
Ms Jennifer Seabrook	• Review accounting policies, financial statements and financial reporting
Mr Jason Neal	• Recommend risk management framework
	• Review processes for managing risk
	• Review procedures for compliance
<b>Nominations &amp; Governance Committee</b>	
Mr Graeme Devlin (Chair)	• Review and recommend Director selection, appointment and re-election process
Ms Jennifer Seabrook	• Review and recommend succession of Board and Chair
Dr Joanne Warner	• Undertake evaluation of performance of Board, Committees, Directors and Chair
Mr Jason Neal	
Ms Adele Stratton	• Review corporate governance statement, framework and related legal developments
<b>People &amp; Performance Committee</b>	
Dr Joanne Warner (Chair)	• Recommend remuneration of Executive KMP and Non-Executive Directors
Ms Jennifer Seabrook	• Review and recommend selection for CEO, succession planning for CEO and other senior executives
Mr Graeme Devlin	
Mr Jason Neal	• Assess and approve measurable diversity targets
Ms Adele Stratton	• Review compliance with Codes of Conduct
<b>Sustainability Committee</b>	
Ms Jennifer Seabrook (Chair)	• Advise on ESG matters including emerging risks
Dr Joanne Warner	• Review and recommend sustainability objectives and disclosures
Ms Adele Stratton	

## Corporate Governance Statement

The Company's FY23 Corporate Governance Statement outlines the Company's current corporate governance framework, by reference to the Corporate Governance Principles and Recommendations contained in the ASX Corporate Governance Council's 4th Edition of its Corporate Governance Principles and Recommendations (ASX Recommendations). During FY23, the Company's corporate governance practices complied with all relevant ASX Recommendations.

The Corporate Governance Statement is current as at the date of this report and has been approved by the Board. This statement can be found in the Governance section of Deterra's website at <https://deterraroyalties.com/sustainability/corporate-governance> along with the ASX Appendix 4G, a checklist cross-referencing the ASX Recommendations to disclosures in the Corporate Governance Statement and the FY23 Annual Report.

# Directors' Report

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Image: Bridge crossing over Abba River, courtesy of Doral Mining Sands

## Directors' Report

### Directors' Statement of Tenure

The names of directors who held office during the reporting period and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

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 (Appointed 30 November 2022)
Adele Stratton	Non-Executive Director

### Joint Company Secretaries

Brendan Ryan	Chief Financial Officer and Joint Company Secretary
Bronwyn Kerr	Company Secretary and General Counsel

### Principal Activities

Deterra Royalties Limited is an Australian company listed on the Australian Securities Exchange (ASX code: DRR). The Group's principal activity is the management of a portfolio of existing royalties and growth through the addition of new and existing royalties across bulk commodities, base and battery metals. The existing portfolio includes six royalties over: Mining Area C, Yoongarillup/ Yalyalup (under two royalty agreements), Eneabba, Wonnerup and St Ives.

### Dividends Paid or Recommended

Deterra's intent is to pay semi-annual dividends (franked to the maximum extent possible) from excess cash. Payment of dividends and dividend policy is determined by the Deterra Board at its discretion.

The total dividend declared for the period of this Annual Report is \$152,500,000 which represents a payout of 100 percent of NPAT. The two dividends paid or declared during the period include:

- Interim Period Dividend of \$63,423,000 or 12.00 c/share paid on 23 March 2023.
- Final Dividend declared of \$89,077,000 or 16.85c/share, to be paid on 19 September 2023 for shareholders on record as at 23 August 2023.

## Directors' Report

### Board Profile



**Jennifer Seabrook**

**Independent Chair and Non Executive Director**

BCom, FCA, FAICD

#### Term Of Office

Ms Seabrook was appointed 15 June 2020

#### Board Committees

Chair of Sustainability

Member of Audit and Risk

Member of People and Performance

Member of Nominations and Governance

#### Experience

Ms Seabrook brings over 30 years of corporate experience across capital markets, mergers and acquisitions and accounting advisory roles and several Non-Executive directorships for listed, unlisted and federal and state government corporations. Ms Seabrook is currently a Non-Executive Director of BGC Australia Group of Companies and HBF Health Limited.

#### Current Listed Directorships

Nil

#### Former Listed Directorships In The Last 3 Years

Nil



**Graeme Devlin**

**Independent Non Executive Director**

BAppSci, MBA, GAICD

#### Term Of Office

Mr Devlin was appointed 16 October 2020

#### Board Committees

Chair of Audit and Risk

Chair of Nominations and Governance

Member of People and Performance

#### Experience

Mr Devlin brings a deep and varied set of experiences from his business development, operational, investment evaluation and structured finance roles within BHP Group, Rio Tinto and CRA Limited. He served as BHP's head of acquisitions and divestments from 2009 to 2016. Mr Devlin led the transformation of BHP's capital investment decision making rigour, capability and processes. He was instrumental in the reshaping of BHP's core asset portfolio.

#### Current Listed Directorships

Nil

#### Former Listed Directorships In The Last 3 Years

Nil



**Joanne Warner**

**Independent Non Executive Director**

BAppSc (Hons), DPhil, MAICD

#### Term Of Office

Dr Warner was appointed 16 October 2020

#### Board Committees

Chair of People and Performance

Member of Sustainability

Member of Nominations and Governance

#### Experience

Dr Warner has extensive asset management experience including eight years as Head of Global Resources at Colonial First State Global Asset Management. Her broad mining and energy sector experience includes visits to over 450 mining and resource assets across over 30 countries.

#### Current Listed Directorships

Non executive Director of First Quantum Minerals - May 2019 to present

#### Former Listed Directorships In The Last 3 Years

Nil



**Jason Neal**

**Independent Non Executive Director**

BBA

#### Term Of Office

Mr Neal was appointed 30 November 2022

#### Board Committees

Member of Audit and Risk

Member of People and Performance

Member of Nominations and Governance

#### Experience

Mr Neal is a Founding Partner of Whetstone Resources, an active private acquisition company, and serves as Lead Director of G Mining Ventures. He served as Executive Vice President at Kirkland Lake Gold and President & Chief Executive Officer of TMAC Resources Inc., both of which have been merged into Agnico Eagle to create the third largest global gold producer. Mr. Neal had a 21 year investment banker career with BMO Capital Markets, where he served as Co-Head and Managing Director of the Global Metals and Mining Group.

#### Current Listed Directorships

G Mining Ventures

#### Former Listed Directorships In The Last 3 Years

Nil

## Directors' Report

### Board and Executive Profile

### Executive Profile



**Adele Stratton**

**Non Executive Director (Iluka Nominee)**

BA (Hons), FCA, GAICD

#### Term Of Office

Ms Stratton was appointed 15 June 2020

#### Board Committees

Member of People and Performance

Member of Sustainability

Member of Nominations and Governance

#### Experience

Ms Stratton brings finance, operations and commercial experience to Deterra. As Chief Financial Officer and Head of Development at Iluka Resources Limited, she has over 20 years' experience working in both professional practice and public listed companies, including KPMG and Rio Tinto. Ms Stratton is a qualified Chartered Accountant.

#### Current Listed Directorships

Nil

#### Former Listed Directorships In The Last 3 Years

Nil



**Julian Andrews**

**Managing Director and Chief Executive Officer**

BCom (Hons), PhD, CFA, GAICD

#### Term Of Office

Mr Andrews was appointed as Director 15 June 2020 and as Managing Director and Chief Executive Officer 2 November 2020

#### Board Committees

Nil

#### Experience

Mr Andrews' experience spans over 20 years in broad project finance, capital raising and mergers and acquisitions across the mining, energy and chemicals industry landscape. Prior to his appointment as Managing Director, Mr Andrews was Head of Strategy, Planning and Business Development at Iluka Resources and previously held various roles at Wesfarmers, including General Manager Business Development and Chief Financial Officer in Wesfarmers Chemicals, Energy & Fertilisers division.

#### Current Listed Directorships

Nil

#### Former Listed Directorships In The Last 3 Years

Nil



**Brendan Ryan**

**Chief Financial Officer and Company Secretary**

BE (Hons), MBA, GAICD, FAusIMM

#### Term Of Office

Mr Ryan was appointed as Chief Financial Officer 14 September 2020 and as Company Secretary 21 October 2020

#### Board Committees

Nil

#### Experience

Mr Ryan has over 25 years of senior level commercial and operational experience in the global mining sector. Prior to Deterra, he served as Chief Financial Officer and Chief Business Development Officer at ASX listed Boart Longyear, the world's largest drilling service provider. During his 13 years with Rio Tinto, Mr Ryan held several senior roles including Global Head of Business Evaluation and also led the Rio Tinto Copper and Diamonds business development team.



**Bronwyn Kerr**

**General Counsel and Company Secretary**

LLB (Hons), BA, FCIS, GAICD

#### Term Of Office

Ms Kerr was appointed as General Counsel on 27 October 2021 and as Company Secretary on 8 November 2021

#### Board Committees

Nil

#### Experience

Ms Kerr is an experienced General Counsel and Company Secretary, joining Deterra from Pilbara iron ore producer Atlas Iron. Ms Kerr has advised companies on governance, mergers and acquisitions, capital raising, leveraged finance and project development, including procurement, land access and community engagement.

Ms Kerr is admitted to practice law in Western Australia and holds post-graduate qualifications in finance and corporate governance.

## Directors' Report

### Skills and Experience

The Board undertakes a comprehensive review of the Board skills matrix on an annual basis. Following the review, it was determined that the Board and Committees currently have a strong combination of skills and experience across the key desired areas relevant for each committee. A copy of the Board skills matrix is included in Deterra's 2023 Corporate Governance Statement.

### Meetings of Directors

The number of meetings held and attended by each director of the Company during the financial year are:

Table 5: Director Meetings

Name	Board		Audit & Risk		People & Performance		Nominations & Governance		Sustainability	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
<b>Non-Executive Directors</b>										
J Seabrook	7*	7*	3	3	4	4	3	3	4*	4*
G Devlin	7	7	3*	3*	4	4	3*	3*	4	4
J Warner	7	7	3	3	4*	4*	3	3	4	4
J Neal**	4	4	2	2	2	2	1	1	1	1
A Stratton	7	7	3	3	4	4	3	3	4	4
<b>Executive Director</b>										
J Andrews***	7	7	3	3	4	4	3	3	4	4

Notes:

\* indicates Chair of the Committee

\*\* Mr Neal was appointed to the Board 30 November 2022.

\*\*\* Mr Andrews attended all Committee meetings by invitation. He is not a member of these Committees.

Attended - Number of meetings the director attended

Held - Total number of meetings of the Committee held over the financial year

### Interest of Directors

The relevant interest of each director held directly or indirectly in the shares, interest in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, is in the table below.

Table 6: Directors' Shareholding Interests

Name	Ordinary Shares	Restricted Shares	Rights over Ordinary Shares
<b>Non-Executive Directors</b>			
J Seabrook	94,776	-	-
G Devlin	40,000	-	-
J Warner	50,000	-	-
J Neal	5,000	-	-
A Stratton	43,260	-	-
<b>Executive Director</b>			
J Andrews	126,909	-	614,419

### Indemnification and Insurance of Directors and Officers

The Company indemnifies all directors of the Company named in this report and current and former executive officers of the Company and its controlled entities against all liabilities to persons (other than the Company or the related body corporate) which arise out of the performance of their normal duties as director or executive officer unless the liability relates to conduct involving bad faith. The Company also has a policy to indemnify the directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

During the year the Company has paid a premium in respect of directors' and executive officers' insurance. The contract contains a prohibition on disclosure of the amount of the premium and the nature of the liabilities under the policy.

## Directors' Report

### Operations & Financial Review

This review should be read in conjunction with the financial statements and the accompanying notes.

#### Introduction

In FY23 the Company was focused on continuing to promote to investors the value of the royalty business model and clearly explain the unique quality of the royalty assets already under Deterra ownership. In parallel we continued to build out the skills, capacity and processes required to support investment in value accretive growth options.

From early in the financial year, we have seen a series of successive central bank rate increases flow through the global monetary system along with a tightening of new capital before availability in the equity markets. Both of these dynamics increase our competitiveness as a source of capital for resource development and we have noted a step change increase in interest in our offering. This has resulted in a record number of opportunities assessed during the second half of FY23. Whilst no new investments have been made yet, our team remains very active in focusing on the right type of opportunities, and we expect this disciplined approach to investing will pay off in due course.

With the broader macro-economic conditions remaining tight for the foreseeable future, we anticipate that royalty funding will continue to improve in relative attractiveness to potential royalty partners. We also expect to see our ongoing efforts to build relationships with owners of existing royalties and high priority prospective mining projects will ultimately lead to the delivery of attractive future growth opportunities.

#### Strategy and Business Model

Deterra is Australia's largest listed royalty investment company and represents an opportunity for ASX investors to participate in the global resources sector in a different way. Headquartered in Perth, Australia, Deterra's portfolio of royalty assets provides a financial interest in mining activity, with limited exposure to operating margins or capital costs.

The Company's cornerstone asset is a royalty over the BHP-operated Mining Area C iron ore operation in the Pilbara region of Western Australia (referred to as the MAC Royalty), complemented by five other smaller royalty interests. The MAC Royalty has several attractive characteristics, including:

- Quality: High quality exposure to one of the world's premium iron ore mining districts;
- Strong cash flow generation: the revenue based royalty provides high margin cash flows with limited exposure to operating costs or capital contributions for the life of the operation;
- Embedded growth: the MAC Royalty production volumes are expected to increase to 145 million wet metric tonnes per annum by the end of FY24, as the MAC operation ramps up to be the largest iron ore hub in the world<sup>1</sup>; and
- Long asset life: BHP estimates a mine life of more than 45 years for Mining Area C South Flank operations<sup>2</sup> with identified extension options that are at least partially within the MAC Royalty Area.

The Company's principal activities are the management and growth of this portfolio of assets. Inorganic growth will be achieved by diversifying the royalty portfolio through disciplined and value accretive investments over time. The key objectives of the disciplined growth strategy are to:

- Provide additional sources of earnings over time;
- Improve cash flow resilience to commodity price fluctuations through portfolio diversification; and
- Leverage Deterra's operating structure to grow the business.

The simple and scalable business model has enabled Deterra to deliver underlying EBITDA margins of 96 per cent, coupled with fully franked dividends of 100 per cent of net profits after tax in FY23.

Notes:

<sup>1</sup> BHP Operational Review for year ended 30 June 2021, 20 July 2021.

<sup>2</sup> BHP, Western Australia Iron Ore South Flank update - Presentation & Speech, 4 October 2022.

# Directors' Report

## Principal Risks affecting the group

### Risk Management

Deterra operates in the resource sector where the macro price environment is uncertain, and the performance of its key assets is outside the direct control of management. As a consequence, the Company's Board and management have developed risk processes that aim to identify and monitor these key uncertainties and where appropriate, mitigate any potential adverse outcomes.

Deterra's approach to managing risk is documented in a Board approved Risk Management Framework and Risk Appetite Statement. The overall approach seeks to ensure that risk management is embedded throughout the business and managed in a structured and systematic manner. The Risk Management Framework is reviewed annually and will be updated as the Company's asset portfolio and business environment evolve and the underlying risks change.

The following external factors are all capable of having a material adverse effect on the business and will affect the prospects of the Group for future financial years:



### Environmental, Social and Governance Risks

Deterra operates in an environment of increasing focus by investors and stakeholders on Environmental, Social and Governance (ESG) risks, including changes in community expectations and legislation (e.g. matters related to climate change). Deterra's core business is to receive royalty income streams from non-managed mining assets. The ability of Deterra to attract equity investment and raise funds in debt markets may be impacted by a diminishing appetite for companies that receive revenues from the resources sector.

The Group considers ESG as an integral part of its investment process and seeks advice from third party experts to assist with its exposure and management of these risks. These risks are discussed in more detail in the Sustainability section of this Annual Report.



### Strategy Risks

Deterra is seeking to grow its business through the acquisition or creation of new royalty assets. Deterra is based in Perth, Western Australia not in the North American market where royalties and stream financing is well established. There are risks that Deterra may be unable to execute on this growth strategy due to an inability to effectively compete for royalty assets from a price, cost of capital, structure, jurisdiction and commodity perspective. Conversely, there is a risk of executing an acquisition that may not deliver the expected returns.

Deterra has employed a small but experienced team and will supplement this capacity with third party advisors to assist with the identification, negotiation, and execution of future acquisitions. All investments will comply with internal investment criteria and material investments will be subject to Board approval.



### Inability to Access Equity and Debt Markets Risk

Deterra will be reliant on equity and debt capital to successfully grow its business beyond its current capacity. Changes to macro conditions in financial markets may impact on the ability of Deterra to access these equity and debt capital markets.

Deterra has recently increased existing bilateral credit facilities and continues to build and strengthen our relationships with a range of participants in the equity and debt capital markets. Deterra continues to monitor external market conditions to ensure all new investment decisions are taken within this market context. Deterra also has the ability to use funds generated from existing assets to fund new opportunities and compares the use of retained earnings to external funding options.



### Climate Risk

The mining assets underpinning Deterra's royalty portfolio could be adversely affected by the impacts of climate change. The corresponding increase in the severity and frequency of extreme weather events could adversely affect the operations and development of those mining assets and the demand for commodities to which these royalties relate.

Deterra has implemented an ESG Investment Policy which requires the Company to consider ESG risk exposure and opportunities when considering new investments.

# Directors' Report



### Mining Area C Revenue Risks

As a royalty owner, Deterra has material exposure to volume and price achieved by BHP at Mining Area C (MAC) which Deterra has limited ability to influence or control.

Key external risks that could impact its financial performance include:

- Material fluctuations in iron ore price and foreign exchange rates;
- Material production disruption at MAC from a natural disaster, catastrophic infrastructure or operations incident (mine, rail, or port), environmental or heritage licensing issues; and
- Geopolitical risks associated with Chinese steel mill end customers including potential trade barriers or cessation of iron ore exports to China.

The company monitors potential developments in MAC operations as well as the geopolitical landscape through its network of business relationships and other information sources.

Deterra maintains a conservative balance sheet and low overheads to withstand fluctuations in revenues derived from MAC. Deterra is seeking to further diversify its revenue streams via the acquisition of new royalties or streams in the future.



### Royalty Contract Default Risks

Deterra is reliant on royalty contracts where parties deliver upon their contractual obligations. A failure to make timely payments and meet other contractual obligations may impact on the financial performance of Deterra.

The risk of default by the partners in MAC is considered low due to the established, high-quality counterparties involved. For all future investments, due diligence will include an assessment of the risk of default or non-performance.



### Management and Key Person Risks

Deterra is a small organisation with two key executives and a small number of employees. A loss of or extended absence of key executives may impact on the ability to execute its growth strategy.

The Board has developed a range of plans and policies to assist with the retention of key executives, succession planning, and any loss of corporate knowledge.



### Information Technology and Cyber Security Risks

Deterra is exposed to the risk of loss arising from the failure of the information technology.

Deterra has engaged third party outsourced expertise to protect its information technology systems and data from cyber security threats and general operational outages. Additional staff training and education has been undertaken on sound cyber security practices.



### Operational Risks

Operational errors by Deterra or its outsourced administrative providers may impact on Deterra's operations, financial performance, and/or compliance requirements, including ASX listing requirements.

Deterra has documented its financial and operational procedures and implemented a control framework that seeks to identify and prevent errors.



### Fraud Risks

Deterra may be at risk of the theft of funds or confidential information by employees or outsource partners.

Deterra has documented operational and contractual arrangements with all outsourced providers and has implemented a control framework that seeks to reduce or minimize the impact of fraud or theft.

Due diligence is undertaken on all outsourced providers, including periodic contract review and oversight. Under the outsourced contract agreements, business-critical information is required to be secured at all times.

# Directors' Report

## Review of the Group's Assets

Table 7: Description of the operations

Project	Counterparty	Location	Commodity	Status	Royalty Key Terms
Mining Area C (MAC)	BHP Billiton Minerals Pty Ltd; Itochu Minerals & Energy of Australia Pty Ltd; Mitsui Iron Ore Corporation Pty Ltd	Pilbara, WA	Iron Ore	Producing	1.232% of MAC product revenue  \$1 million per 1mdmt increase in capacity
Yoongarillup / Yalyalup Project (under two royalty agreements)	Doral Mineral Sands Pty Ltd	South West, WA	Mineral Sands	Producing	2% of revenue from sales of Minerals
Eneabba Project	Image Resources Limited	Mid West, WA	Mineral Sands	Exploration	1.5% of gross revenue from sales of Minerals
Wonnerup Project	Cable Sands (W.A.) Pty Ltd	South West, WA	Mineral Sands	Producing	\$0.70 per tonne of Valuable Heavy Mineral
St Ives Gold Project	St Ives Gold Mining Company Pty Ltd	Eastern Goldfields, WA	Minerals	Exploration	3% of gross revenue (subject to conditions)

During the period the following developments occurred across our producing royalty assets:

- 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:
  - a 1.232 per cent royalty on all Australian dollar denominated FOB revenue from the sale of material produced at MAC, payable quarterly; and
  - a one off capacity payments of A\$1 million per million dry metric tonnes (mdmt) for any increase in annual mine production, determined for the year ending 30 June, payable annually. The demonstrated annual capacity level as at 30 June 2023 is 118 mdmt.

Mining Area C is one of four hubs within BHP's Western Australian Iron Ore (WAIO) business and consists of two major mining areas, North Flank and South Flank. The North Flank operation has been in production since 2003 with nameplate capacity of 65 million wet metric tonnes per annum (wmtpa). South Flank achieved its first ore production in May 2021 and is expected to ramp up to circa 80 million wmtpa over a three year period. The South Flank capacity effectively replaces volumes from BHP's Yandi mine, (outside the MAC Royalty Area), as it reaches the end of its economic life in the early to mid 2020s<sup>1</sup>. The combined MAC mining hub is expected to operate for over 30 years<sup>2</sup> ramping up to 145 million wmtpa to form the largest operating iron ore hub in the world.

Mining Area C production for the FY23 was 126 million wmt (100 per cent basis)<sup>3</sup>. The operator BHP has indicated that the South Flank ramp up reached 75 per cent nameplate capacity, two months ahead of the stretch target<sup>4</sup>, and that ramp up to full production capacity of 80 Mtpa (100 per cent basis), remains on track by the end of the 2024 financial year<sup>5</sup>.

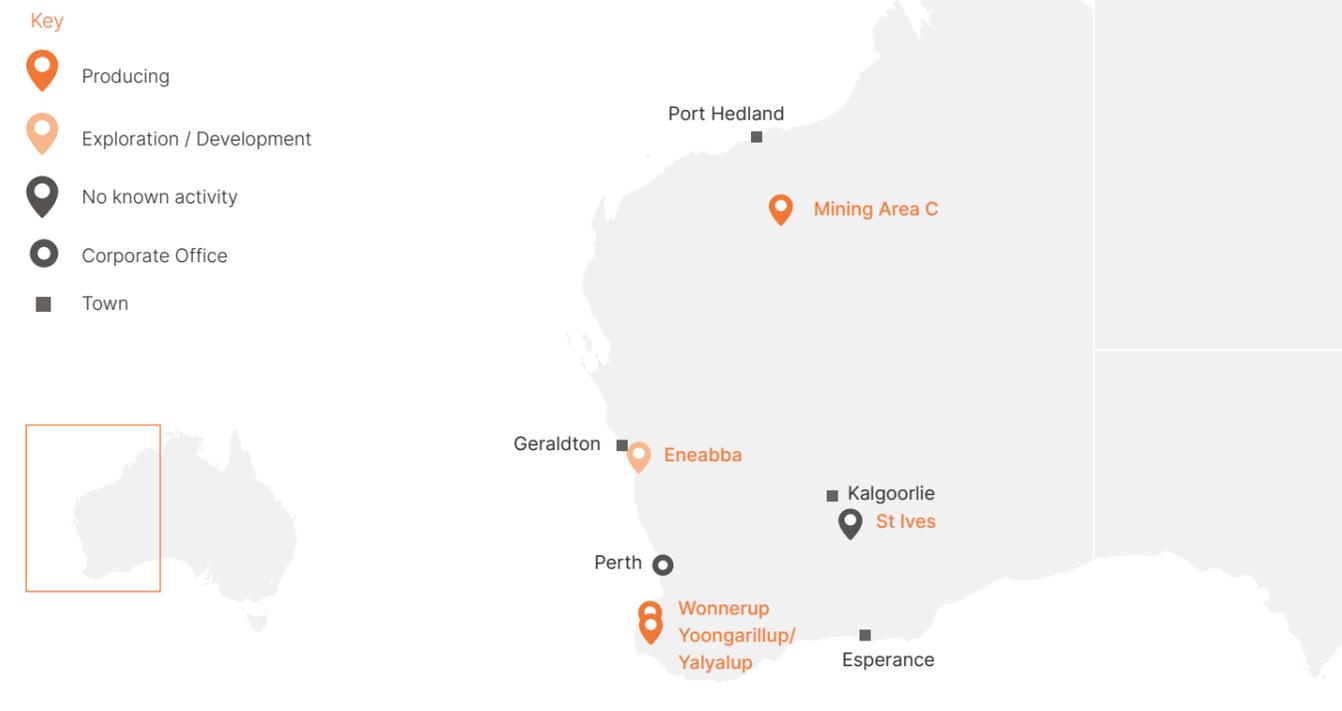
Revenue for the FY23 from Mining Area C was \$228.2 million, made up of \$215.2 million from the 1.232 per cent revenue royalty and \$13 million from the annual capacity payment.
- Yalyalup Mineral Sands Mine** - Deterra holds a two per cent royalty on revenue from the sale of minerals under two royalty agreements over certain mineral leases operated by mineral sand producer Doral Mineral Sands Pty Ltd. The Yalyalup mine commenced production in Q2 2022 and reached full production capacity of approximately 100ktpa of heavy mineral concentrate in FY23. It follows a similar mining method as the recently decommissioned Yoongarillup mine and has an expected mine life of four years<sup>6</sup>. Revenue for the FY22 from Yalyalup was \$1.02 million.
- Wonnerup Mineral Sands Mine** - Deterra holds a \$0.70 per tonne royalty on all valuable heavy minerals produced over certain mineral leases currently being mined by mineral sand producer Tronox through its subsidiary Cable Sands Pty Ltd. Mining at Wonnerup North<sup>7</sup> is underway and scheduled to continue for a further 4 years. Revenue for the FY23 from Wonnerup was \$0.06 million.

# Directors' Report

Deterra also notes a change in respect of one of two non-producing royalty assets:

- Eneabba Project** - Deterra holds one and a half per cent gross revenue royalty over certain mineral leases operated by mineral sand producer Image Resources Limited. Image acquired the Eneabba project for the sum of \$24 million from Sheffield Resources in late 2021<sup>8</sup>. Image has since announced further magnetic surveys to test the extents of mineralisation and to develop new targets as well as preliminary assessment work to determine which project amongst the Eneabba Tenements may be most suitable for fast-track development<sup>9</sup>.
- 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 and no mining activity is anticipated on these leases in the immediate future.

Figure 1: Locations of Deterra's royalty assets



**Our key royalty investment activities involve acquisition of royalties from third parties and providing finance to resource companies in return for royalties.**

## Notes

- BHP, 2019 Annual Report
- BHP, Mining Area C Mine Closure Plan, October 2017
- BHP, Quarterly Operational Review for the year ended 30 June 2022 - 19 July 2022
- BHP - Western Australia Iron Ore South Flank update - Presentation & Speech - 4 October 2022
- BHP, Quarterly Operational Review for the nine months to 31 March 2023 - 23 April 2023
- Doral Website Yalyalup Project - Fact Sheet Aug 2021
- Tronox, Company Website - Western Operations Fact Sheet
- Image Resources Release - Strategic Acquisition of Eneabba Tenement Package - 29 Nov 2021
- Image Resources Annual Report 2022 - Pg 18 - 14 Apr 2023

## Directors' Report

### Financial Review

"It is pleasing to see another strong year of revenue generation from the company's assets with total royalty revenue for FY23 of \$229.3 million."

### Non-IFRS

Deterra uses both International Financial Reporting Standards (IFRS) and non-IFRS financial information such as underlying EBITDA, underlying EBIT and net cash to measure operational performance. We believe these non-IFRS measures provide useful information, but should not be considered as an indication of, or an alternative to, profit after tax as an indicator of actual operating performance or as an alternative to cash flow as a measure of liquidity. Non-IFRS measures are unaudited but derived from the audited accounts and reconciliations included on page 40.

### Period

This Annual Report covers the period of 1 July 2022 to 30 June 2023.

### Operating Results

The continued strong performance in FY23 highlights the organic growth inherent within the Deterra royalty assets and strength of the underlying business model. The \$229.3 million in revenue demonstrates the top line exposure to resource production levels and pricing, while the 96 per cent EBITDA margin demonstrates the limited exposure to typical inflationary pressures in the mining sector.

FY23 saw record production from the MAC asset, driven by the ramp up by BHP of the US\$3.6 billion South Flank expansion. At full nameplate capacity of 145mtpa, MAC, will form the largest iron ore hub in the world and the baseload capacity of BHP's Western Australian Iron Ore operations.

The operators of Deterra's two mineral sands royalties at Yalyalup and Wonnerup North have also both recently further extended the mine lives of these assets.

- Revenue** - Group revenue for FY23 was \$229.3 million representing a decrease of 14 per cent. This is driven by MAC revenue of \$228.2 million of which \$215.2 million, was attributable to the revenue royalty, plus \$13 million attributable to the capacity payment from the ramp up of BHP's South Flank expansion. An additional \$1.1 million was received from ongoing operations at the Yalyalup and Wonnerup mineral sands assets.
- Costs** - Total operating costs for FY23 were \$10.3 million. Functional operating costs of \$8.5 million reflect the low cost base inherent in the royalty business model. This is slightly higher than the comparative functional operating costs of \$7.6 million in FY22 as we built out our internal capacity. Depreciation and amortisation of \$0.4 million remains broadly flat. Net financing costs also increased to \$1.2 million dollars due to a full year of facility commitment fees.  
Deterra saw a significant increase in project related business development costs from \$0.7 million to \$1.4 million reflecting the material increase in activity on detailed due diligence of potential investment opportunities during the period.
- EBITDA** - EBITDA for FY23 of \$219.3 million represents a decrease of 15 per cent over FY22. The EBITDA margin of 95 per cent demonstrates the strength of the low cost, royalty business model.
- Tax** - The Group's effective tax rate was 29.97 per cent, closely reflecting the prevailing Australian corporate tax rate.
- NPAT** - Group profit after income tax for FY23 totaled \$152.5 million reflecting a decrease of 15 per cent relative to \$178.5 million for FY22. The continued robust NPAT for the group, reflects the significant revenue generated as MAC volumes continue to expand, offset by marginally lower received prices and a slightly reduced capacity payment relative to FY22.
- Capital Management** - As at 30 June 2023, Deterra had net cash of \$29.5 million, royalty receivables of \$73.1 million and available capacity of \$350 million from undrawn credit facilities.

On 14 August 2023, Deterra increased its total credit limits from \$350 million to \$500 million. This increase was undertaken in order to allow for facility expiries in FY25 and improve shorter term funding flexibility and was achieved by expanding the size of the pre-existing four year bilateral credit facility, expiring February 2026, by \$150 million with one of our five partner banks on current terms.

The existing bilateral credit facilities were implemented on 21 February 2022 on an unsecured basis and provided by leading Australian and international banks with proven credentials in resources and royalty financing on competitive terms.

Minimum annual costs associated with these facilities will now increase to \$3.3 million, consisting of \$2.6 million in undrawn commitment fees with the remainder in amortised annual establishment costs.

Note 7d of Deterra's Financial Report provides details of the Group's maturity profile and interest rate exposure.

## Directors' Report

### Dividends

Deterra's practice is to pay semi annual dividends (franked to the maximum extent possible) from excess cash. Payment of dividends and dividend policy is determined by the Deterra Board at its discretion.

The total dividend declared for the period of this Annual Report is \$152,500,000 which represents a payout of 100 percent of NPAT. The two dividends paid or declared during the period include:

- Interim Dividend of \$63,423,000 or 12.00 c/share paid on 23 March 2023.
- Final Dividend declared of \$89,077,000 or 18.65 c/share, to be paid on 19 September 2023 for shareholders on record as at 23 August 2023.

A summary of the Deterra Statement of Profit and Loss and Cashflows are provided are provided in Tables 8 and 9.

Table 8: Statement of profit or loss	2023 \$'000	2022 \$'000
MAC royalty	215,185	218,752
MAC capacity payment	13,000	46,000
Other royalties	1,079	403
<b>Total Royalty revenue</b>	<b>229,264</b>	<b>265,155</b>
Expenses	(11,552)	(9,623)
<b>Profit before tax</b>	<b>217,712</b>	<b>255,532</b>
Income tax expense	(65,254)	(77,070)
<b>Total income tax expense</b>	<b>(65,254)</b>	<b>(77,070)</b>
<b>Net Profit After Tax (NPAT)</b>	<b>152,458</b>	<b>178,462</b>
<b>Other comprehensive profit for the period, net of tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive profit for the period</b>	<b>152,458</b>	<b>178,462</b>
<b>Total and continuing earnings per share:</b>		
Basic earnings per share (cents)	28.85	33.77
Diluted earnings per share (cents)	28.83	33.75

## Directors' Report

Table 9: Statement of cashflows	2023 \$'000	2022 \$'000
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	269,480	206,925
Payments to suppliers and employees (inclusive of GST)	(8,430)	(7,561)
Interest received	1,192	207
Interest expense	(1,963)	(827)
Tax paid	(77,957)	(70,929)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>182,322</b>	<b>127,815</b>
<b>Cash Flows from Investing Activities</b>		
Payments for property, plant, and equipment	(89)	(10)
<b>Net cash outflow from investing activities</b>	<b>(89)</b>	<b>(10)</b>
<b>Cash Flows from Financing Activities</b>		
Dividends paid	(180,123)	(122,615)
Payment of borrowing establishment fee	-	(1,868)
Proceeds from borrowings	27,500	14,000
Repayment of borrowings	(27,500)	(14,000)
Repayment of lease liability	(74)	(72)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(180,197)</b>	<b>(124,555)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,036</b>	<b>3,250</b>
Cash and cash equivalents at the start of the period	27,456	24,206
<b>Cash and cash equivalents at the end of the period</b>	<b>29,492</b>	<b>27,456</b>

Table 10: Earnings and earnings adjustments	2023 \$'000	2022 \$'000
<b>Net Profit After Tax (NPAT)</b>	<b>152,458</b>	<b>178,462</b>
<i>add back Income tax expense</i>	65,254	77,070
<b>Profit before tax</b>	<b>217,712</b>	<b>255,532</b>
<i>add back Net finance costs and FX gains</i>	1,233	859
<b>Operating profit before finance cost (EBIT)</b>	<b>218,945</b>	<b>256,391</b>
<i>add back Depreciation and Amortisation</i>	396	393
<b>Underlying EBITDA</b>	<b>219,341</b>	<b>256,784</b>
Revenue	229,264	265,155
<b>Underlying EBITDA margin (%)</b>	<b>96%</b>	<b>97%</b>

## Directors' Report

### Market Overview and Outlook

Deterra's primary commodity market exposure is to iron ore. The key ingredient in steel production, iron ore is a globally traded commodity with mature index pricing that reflects the supply and demand characteristics of the industry.

The first half of FY23 saw the 62% index price (CFR China) for iron ore range between US\$80 to US\$115 per tonne, averaging circa US\$100 per tonne, an almost 28% drop from the second half of FY22. By contrast, the second half of FY23 saw iron ore price rally between US\$100 and US\$130 per tonne and averaging circa US\$120 per tonne. Overall, we saw a decrease in both volatility and price from FY22, with realised price from the MAC Royalty averaging around US\$100 per tonne (FOB) for FY23.

More recently, we have continued to see a decline in sentiment towards the global macroeconomic environment. We anticipate that continued inflation, geopolitical instability and increased cost of debt will create further headwinds for the global economy.

Whilst Deterra's royalty assets are not fully protected from these changed market conditions, the top line nature of the royalty instruments, low overheads, combined with exposure to high quality mining assets, demonstrates the relative attractiveness of our business model in inflationary environment. Within this context, Deterra's strategy remains to provide our shareholders with exposure to the excess cash generated by our existing assets, whilst actively seeking to build a larger, diversified portfolio of bulks, base and battery metal royalties through targeted value accretive transactions.

We anticipate further organic growth within our existing portfolio, as MAC continues its final push towards full nameplate capacity of 145mtpa by end of FY24. At full capacity MAC will be the largest iron ore hub in the world and will form the baseload capacity of BHP's Western Australian Iron Ore operations.

Deterra's role as financier in a cyclical industry continues to focus on longer term investment horizons. Deterra continues to maintain a strong balance sheet and recently increased our liquidity to ensure we have the required flexibility to make value accretive investments throughout the commodity cycle. We are now seeing that the recent changes in the global markets are presenting greater opportunity to demonstrate the relative advantages of the royalty financing model. We aim to capitalise on this changed context to invest in a disciplined manner in attractive royalty opportunities.

Remuneration Report

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1 Letter from Committee Chair



Dear Shareholder,

On behalf of the Board, I am pleased to present this Remuneration Report for the financial year to 30 June 2023 (FY23).

Performance outcomes

As noted in this Annual Report, 2023 was a year of consolidation in establishing Deterra's business model and position in the Australian market. Key highlights include:

- **Continued strong financial performance.** As the South Flank expansion nears completion there has been a reduction in capacity payments. Despite this the Company's revenue royalties remained strong as volume growth from Mining Area C largely offset softer average iron ore pricing. Accordingly, the Company has declared a final dividend of 16.85 cents per share, fully franked, bringing total dividend payments for FY23 to 28.85 cents per share, fully franked;
- **Consolidation of business development origination and execution capability,** with a significant increase in opportunities identified and evaluated as broader economic and capital market developments increased interest in royalty and stream funding; and
- **Progress on key ESG objectives,** including improvement in third party ESG ratings, continued achievement of net zero emissions, for our business operations through a reduction in direct emissions and offsets, and implementation of our first significant community initiative through the sponsorship of the Earbus program.

Disappointingly, despite generating strong total shareholder returns for FY23, the company did not consistently trade at a valuation premium that adequately reflects the high quality, high margin and financial exposure Deterra offers to a world class iron ore asset. Management remains focused on promoting the understanding of both the royalty investment model and the Company in Australian and offshore markets.

Changes to FY23 remuneration approach

The FY23 remuneration framework was designed to promote long term sustainable growth and alignment between the management team and shareholders through a combination of fixed remuneration and a variable equity based component linked to share price performance.

KMP continue to be rewarded through a combination of fixed remuneration, short term individual performance based incentives and long term share performance based incentives, as described in this report. Other than a one-off incentive granted to the Chief Financial Officer (CFO), as described in section 6.2.3, no significant change to this structure was made in FY23.

Details of the operation of the remuneration framework for FY23 are provided in section 6.

## Directors' Report

### Remuneration outcomes

In determining FY23 remuneration, the Board has sought to maintain a balance between company performance, individual achievement and shareholder returns. In summary, FY23 outcomes are:

- Fixed remuneration: no fixed remuneration increases were awarded to Executive KMP in FY23;
- Short term Incentive Plan (STI): the Board has determined an STI outcome of 70 per cent of maximum for the Managing Director and Chief Executive Officer (MD & CEO), to be delivered two thirds in equity deferred equally over one and two years, and one third in cash. The Chief Financial Officer (CFO) award is 75 per cent of maximum, also delivered two thirds in equity deferred equally over one and two years, and one third in cash;
- Long term Incentive (LTI): testing of the 2020 KMP LTI against performance threshold has resulted in the Board approving an outcome of 38 per cent of maximum for both the MD & CEO and the CFO, with the award to be made in equity (see Section 6.3.);
- Management Alignment Rights (MAR): A one-off incentive was granted to the CFO in FY23 (see section 6.2.3 for details). The award is provided in the form of share rights to receive ordinary shares in the Company, conditional on service conditions of continued employment to 1 September 2023; and
- Board fee movement: no changes to the Non-Executive Director fees were made during FY23.

The Board believes these outcomes recognise fairly the performance of the business and management.

Sincerely,



**Dr Joanne Warner**

Chair, People and Performance Committee

## Directors' Report

### 2 Remuneration report overview

The directors of Deterra Royalties Limited present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2023. The Report forms part of the Directors' Report and has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) (the Act) and in compliance with AASB124 *Related Party Disclosures* and audited as required by section 308(3C) of the Act.

### 3 Remuneration Governance

#### 3.1 People and Performance Committee

The People and Performance Committee (PPC or the Committee) provides advice and recommendations to the Board regarding remuneration matters.

A copy of the charter of the Committee is available on Deterra's website in the Policies and Charters section <https://www.deterraroyalties.com/sustainability/policies-and-charters/>.

Members of the Committee during FY23 were:

- J Warner - Independent Non-Executive Director and Chair of the People and Performance Committee
- J Seabrook - Independent Non-Executive Director and Board Chair
- G Devlin - Independent Non-Executive Director
- A Stratton - Non-Executive Director
- J Neal - Independent Non - Executive Director (appointed to the Board on 30 November 2022, and to the Committee on 30 June 2023)

At the Committee's invitation, the Managing Director, and other relevant managers attend meetings in an advisory capacity and coordinate the work of external, independent advisors as requested. All executives are excluded from any discussions impacting their own remuneration.

Under its Charter, the Committee must meet at least twice a year. The Committee formally met four times during FY23. The Committee also met informally on a number of occasions to progress issues on foot and consider other matters as they arose.

The Committee engages external advisors as required. External advisers provide advice on market remuneration levels and mix, market trends, incentives and performance measurement, governance, taxation and legal compliance.

None of the Committee's engagements with remuneration consultants were for work that constituted a remuneration recommendation for the purposes of the Australian *Corporations Act 2001*. Findings were reported directly to the Committee or the Board.

#### 3.2 Share Trading Policy

The Company's securities trading policy applies to all Non-Executive Directors (NEDs) and Executives. The policy prohibits employees from dealing in Deterra Royalties Limited securities while in possession of material non-public information relevant to the Company.

Executives must not enter into any hedging arrangements over unvested rights under the Company's equity incentive plans. Breach of this policy may lead to disciplinary action and potentially dismissal.

### 4 Key management personnel

Key management personnel (KMP) covered in this report are detailed below (See page 30 and 31 for details of each KMP). KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing, and controlling activities of the company. Senior executives including the Managing Director, Chief Executive Officer (MD & CEO) and Chief Financial Officer (CFO) are referred to as "Executive KMP".

Table 1: Key management personnel

Non-Executive Directors		
J Seabrook	Independent Non-Executive Chair	Full year
G Devlin	Independent Non-Executive Director	Full year
J Warner	Independent Non-Executive Director	Full year
A Stratton	Non-Executive Director	Full year
J Neal	Independent Non-Executive Director	Appointed 30 November 2022
Executive Director		
J Andrews	Managing Director and Chief Executive Officer	Full year
Executives		
B Ryan	Chief Financial Officer and Joint Company Secretary	Full year

# Directors' Report

## 5 Remuneration strategy

The principles and objectives of the Deterra remuneration policy are to:

- Attract, retain and motivate the talented people with the necessary skills to create value for shareholders;
- Reward executives and other employees fairly and responsibly, having regard for the performance of Deterra, the competitive environment and the individual performance of each employee;
- Ensure alignment of executive interests with shareholders;
- Provide a clear link between company performance and remuneration outcomes;
- Ensure remuneration outcomes are consistent with Deterra's short-term and long-term strategic objectives and the delivery of long-term shareholder wealth creation; and
- Comply with all relevant legal and regulatory provisions.

## 6 Executive remuneration

Deterra's Executive KMP remuneration structure for FY23 incorporates fixed and variable components:

Table 2: Remuneration mix

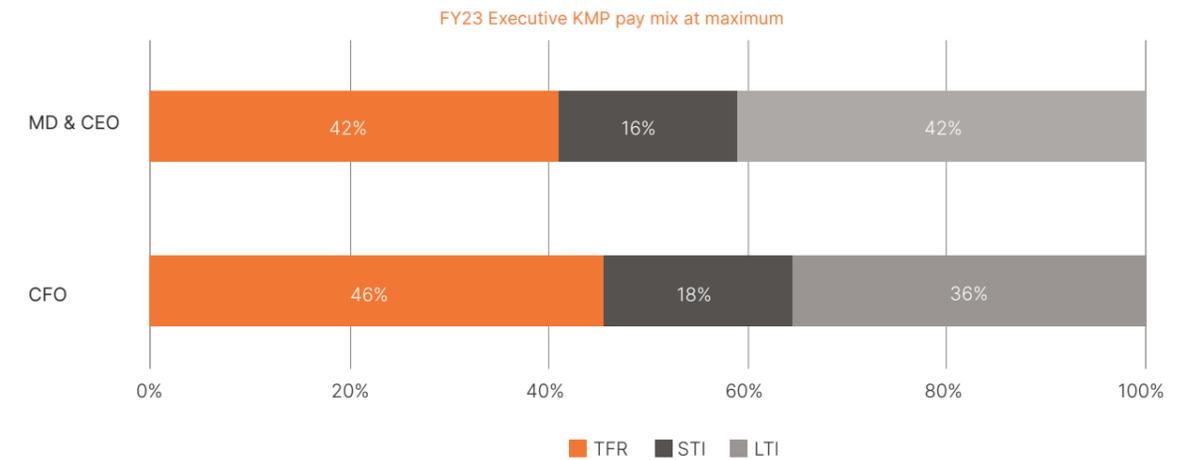
Fixed pay	Variable, at risk, pay
<p>Total Fixed Remuneration (TFR) comprises cash salary, employer contributions to superannuation and salary sacrifice benefits.</p> <p>Approach: TFR is reviewed annually by the Board to ensure it remains competitive in the market for which the Company seeks executives. In setting the TFR, the Board has regard for the size and complexity of the position, the skills and experience required for success, and individual qualifications.</p> <p>No change in TFR was made for FY23.</p>	<p><b>STI</b></p> <p><b>Purpose:</b> To reward Executive KMP for achievement of strategic objectives over an annual performance period that will contribute to increasing shareholder value.</p> <p><b>Approach:</b> Annual Executive KMP performance is set and assessed by the Board through a balanced scorecard that includes a range of key measures that directly affect shareholder value. Each scorecard measure is weighted according to its importance, is measurable and is assessed quantitatively and qualitatively.</p> <p>Two thirds of the STI outcome is to be in the form of share rights and deferred for up to two years. One third is to be in cash and payable at the conclusion of the STI performance period.</p> <p><b>No change in STI was made for FY23.</b></p> <p><b>LTI</b></p> <p><b>Purpose:</b> To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained performance.</p> <p><b>Approach:</b> LTI is provided in the form of performance rights and is subject to a three-year performance period.</p> <p><b>No change in LTI was made for FY23.</b></p>

# Directors' Report

## 6.1 Executive remuneration mix

The following diagram shows the proportion of executive remuneration that is fixed and at risk.

Figure 1: Remuneration at maximum



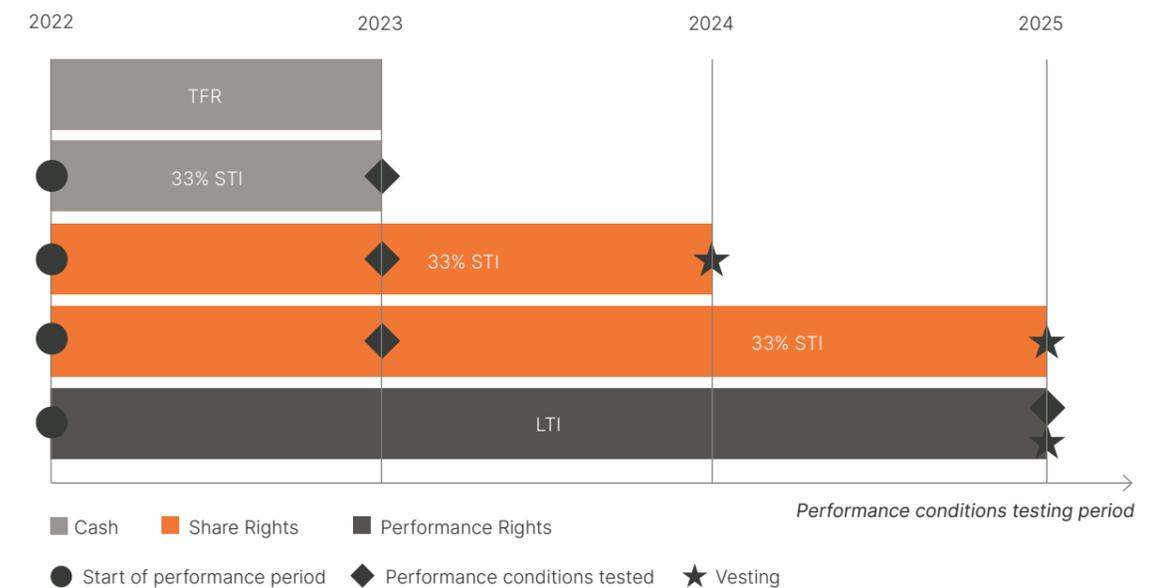
In addition, certain one-off incentives have been granted to the MD & CEO and CFO that were relevant to FY23:

- In FY21, 2019 MD replacement award was granted to the MD & CEO on demerger in recognition of the loss of Iluka Resources Limited equity awards on joining Deterra. See section 6.3.5 vesting of 2019 MD replacement award for details.
- In FY23, Management Alignment Rights (MARs) award was granted to the CFO in order to promote alignment in this key role. The award is 25% of the CFO's TFR as at 1 September 2022, to be vested in FY24. See section 6.2.3 for the share rights details.

## 6.2 Executive TFR and incentive remuneration structure

The following diagram outlines the executive remuneration structure. Further details on the individual elements is provided below.

Figure 2: Remuneration structure<sup>1</sup>



<sup>1</sup> The figure does not include the one-off incentives as discussed in section 6.1.

## Directors' Report

### 6.2.1 Short-term incentive (STI)

The elements and terms of the STI are set out in Table 3 below.

Table 3: STI plan

Purpose	To reward Executive KMP for achievement of strategic objectives over an annual performance period that contribute to increasing shareholder value.
Participants	MD & CEO CFO
Payment vehicle	One third of the STI award is paid in cash and two-thirds are deferred in share rights.
Maximum opportunity	40% of TFR for the MD & CEO 40% of TFR for the CFO
Performance period	1 July 2022 to 30 June 2023
Performance Measurement Date	Following finalisation of FY23 financial results
Performance	Annual Executive KMP performance is set and assessed by the Board through a balanced scorecard conditions that includes a range of key financial and non financial measures that directly affect shareholder value. Each scorecard measure is weighted according to its importance, is measurable and is assessed quantitatively and qualitatively.  In FY23, Performance measures revolve around four main categories: <ul style="list-style-type: none"> <li>Market engagement</li> <li>Shareholder returns</li> <li>Environment, social and governance</li> <li>Investment processes, systems and procedures</li> </ul> Section 6.3.2 provides a detailed explanation of the targets set in FY23, how they were measured and our assessment of performance.
Scorecard	STI scorecard outcomes are calculated based on the following schedule. Awards from 50 to 100% of opportunity are on a linear basis consistent with the level of performance attained.
Award timing	The cash payment (one-third of STI award) is made, and the share rights (two-thirds of STI award) are granted as soon as practicable after the performance period and no later than three months after that date.  The share rights will vest in two equal tranches, subject to continued service or Board discretion for good leaver: <ul style="list-style-type: none"> <li>50% vests after 30 June 2024, and</li> <li>50% vests after 30 June 2025.</li> </ul>
Allocation	Share rights are granted by the Company and are based on the five trading day volume weighted method average price of Deterra's shares during the period of 1 July 2023 to 7 July 2023 (\$4.57). Share rights held by the participant subject to the satisfaction of the vesting conditions.  Shares to satisfy the exercise of vested share rights may be issued by the Company or acquired on market.
Treatment of dividends and voting rights	Share rights do not have voting rights or dividend rights during the performance period and before being vested.  For share rights that vest, additional shares may be allocated, or a cash payment will be made, equal in value to the amount of dividends paid (not grossed up for franking credits) on the underlying shares during the period from grant of the rights to exercise on a reinvested basis.
Malus and/or clawback	The Deterra Board may apply malus to incentives that have yet to vest and even clawback incentives that have already vested where: <ul style="list-style-type: none"> <li>the executive acts fraudulently or dishonestly; or</li> <li>there is material misstatement or omission in the accounts of Deterra; or</li> <li>the award has resulted in an inappropriate benefit being awarded.</li> </ul>
Restriction on hedging	Hedging of entitlements by executives is not permitted.
Treatment on termination	The share rights are granted on the basis that they remain on foot on cessation of employment with the Board having the discretion to forfeit some, none or all of the STI Rights having regard for the facts and circumstances in which the executive's employment ceases.
Board discretion	The Board has discretion to vary STI outcomes having regard for the circumstances at the time (including in the event the STI outcome would result in an inappropriate outcome).
Change of control	Vesting is subject to board discretion, taking into account performance to the date of change in control.

## Directors' Report

### 6.2.2 Long-term incentive (LTI)

The elements and terms of the LTI are set out in Table 4.

Table 4: LTI plan

Purpose	To align executive accountability and remuneration with the long term interests of shareholders by rewarding the delivery of sustained performance.
Participants	MD & CEO CFO
Date of grant	9 November 2022
Equity vehicle	Performance Rights (PRs) which are rights to acquire ordinary shares in the Company for nil consideration, conditional on the achievement of predetermined market performance requirements within defined time restrictions.
Maximum opportunity	100% of TFR for the MD & CEO 80% of TFR for the CFO  Performance rights were allocated at face value using the five trading day volume weighted average price of Deterra shares during the period 1 July 2022 to 7 July 2022 (\$4.15)
Performance period	1 July 2022 to 30 June 2025
Performance measurement date	Following finalisation of FY25 financial results
Vesting of PRs	As soon as practicable after testing at the end of the performance period.
Performance conditions	There are two equally weighted performance conditions based on relative TSR.  For the purpose of calculating TSR and the performance of ASX 200 Resources Accumulation Index or the Platts 62% Iron Ore CFR China Index, the following opening and closing measures will be used: <ul style="list-style-type: none"> <li>Opening price will be based on the 30 trading day volume weighted share price/index price starting on the first day of the Performance Period.</li> <li>Closing price will be based on the 30 trading day volume weighted share price/index price up to and including the final day of the Performance Period.</li> </ul> Further details are set out in section 6.2.2.1.
Acquisition of PRs and shares	PRs are granted by the Company and held by the participant subject to the satisfaction of the vesting conditions. The number of rights held may be adjusted pro rata, consistent with ASX adjustment factors for any capital restructure.  Shares to satisfy the exercise of vested PRs may be issued by the Company or acquired on market.
Treatment of dividends and voting rights	Performance rights do not have voting rights or dividend rights during the performance period and before being vested.  For performance rights that vest, additional shares may be allocated, or a cash payment will be made, equal in value to the amount of dividends paid (not grossed up for franking credits) on the underlying shares during the period from grant of the rights to exercise on a reinvested basis.
Malus and/or clawback	The Deterra board may apply malus to incentives that have yet to vest and even clawback incentives that have already vested where: <ul style="list-style-type: none"> <li>the executive acts fraudulently or dishonestly; or</li> <li>there is material misstatement or omission in the accounts of Deterra; or</li> <li>the award has resulted in an inappropriate benefit being awarded.</li> </ul>
Restriction on hedging	Hedging of entitlements by executives is not permitted.
Treatment on termination	Unless the Board determines otherwise, in an event an executive KMP is terminated for cause, any unvested Rights will lapse.  Where the employment was ceased for other reasons, unless the board determines otherwise, the unvested Rights will generally remain on foot subject to the original terms of grant.
Board discretion	The Board has discretion to vary LTI outcomes having regard for the circumstances at the time (including in the event the LTI outcome would result in an inappropriate outcome).
Change of control	Vesting is subject to board discretion, taking into account performance to the date of change in control.

## Directors' Report

### 6.2.2.1 Performance conditions

The relative TSR tranche of the LTI (which forms 50 per cent of the performance condition) provides that the TSR of the Company will be measured against the ASX 200 Resources Accumulation Index over the performance period to determine the level of vesting.

The vesting scale that will apply to the Performance Rights subject to the relative TSR test is shown in Table 5:

Table 5: TSR vesting conditions

Performance level	DRR TSR ranking	% vesting
Less than threshold	Below index performance	0%
Threshold	Equal to index performance	50%
Above threshold but below maximum	Above index performance but less than 6% above index	Linear vesting between 50% and 100%
Maximum	6% or more above index	100%

The LTI tranche for the relative share price performance (which forms the other 50 per cent of the performance condition) is based on the Company's compound annual share price performance compared to the Australian dollar equivalent Platts 62 per cent Iron Ore CFR China Index.

The vesting scale that will apply to the Performance Rights subject to the relative share price performance is shown in Table 6.

Table 6: Relative share price performance vesting conditions

	Share	% vesting
Less than threshold	<2% above index	0%
Threshold	Equal to 2% above index	50%
Above threshold but below maximum	More than 2% above index but less than 6% above index	Linear vesting between 50% and 100%
Maximum	6% and above index	100%

### 6.2.3 Management Alignment Rights in FY23

Given the heightened demand for senior executives with resource experience globally at the time, the stage of development of the Company's investment process, the increased volume of opportunities being considered, both internally and externally generated, and a desire to maintain corporate knowledge and stability in the team, the Board determined in September 2022 to make a one-off grant of Management Alignment Rights to the CFO which were time based with an expiry date of 1 September 2023.

The Board determined a one-off grant of Management Alignment Rights on the following terms:

Table 7: MAR plan

Participants	CFO
Date of Grant	14 December 2022
Equity Vehicle	Share Rights (SRs) which are rights to acquire ordinary shares in the Company for nil consideration, subject to the satisfaction of the vesting conditions.
Maximum Opportunity	\$131,250, 25% of Total Fixed Remuneration, as at 1 September 2022. 32,131, share rights were allocated at face value using the five-trading day volume weighted average price of Deterra shares during the period 1 September 2022 to 7 September 2022 (\$4.08421)
Vesting Condition	Continued employment to 1 September 2023
Performance Period	1 September 2022 to 1 September 2023

## Directors' Report

### 6.3. Remuneration outcomes for FY23

#### 6.3.1. Company Performance

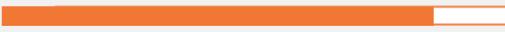
Table 8: FY23 Financial performance

		FY23	FY22
Revenue	\$'000	229,264	265,155
Net profit/(loss) after tax	\$'000	152,458	178,462
Basic earnings per share	\$	0.2885	0.3377
Diluted earnings per share	\$	0.2883	0.3375
Closing share price (30 June)	\$	4.60	4.24

#### 6.3.2. 2023 STI Scorecard and Outcomes Achieved

The STI Scorecard is approved by the Board at the start of the financial year. The following targets and objectives are set for MD & CEO for FY23:

Table 9: STI scorecard

Scorecard measure	Weight	Performance	score
<b>Market engagement</b>	20%		18
<ul style="list-style-type: none"> <li>Increase market knowledge of royalty investment business model</li> <li>Increase brand recognition of Deterra as an ASX investment</li> <li>Build a well balanced and high-quality shareholder base</li> </ul>		<ul style="list-style-type: none"> <li>Substantial investor engagement through domestic and international conferences, roadshows, broker briefings, and one to one meetings</li> <li>Implemented targeted investor marketing activity</li> <li>Conference presentation and industry panel invitations</li> <li>Continued expansion of brokerage coverage</li> </ul>	
<b>Shareholder returns</b>	20%		0
<ul style="list-style-type: none"> <li>Gain recognition of Deterra as a high quality investment with valuation reflecting option value</li> </ul>		<ul style="list-style-type: none"> <li>DRR trades in line with NAV, as measured by rolling average price to consensus of DRR analyst coverage</li> </ul>	
<b>ESG Framework</b>	20%		17
<ul style="list-style-type: none"> <li>Refine develop, implement and communicate ESG framework</li> <li>Maintain governance framework and approach</li> <li>Build high performing team culture</li> </ul>		<ul style="list-style-type: none"> <li>Community investment and support initiatives executed</li> <li>ESG considerations applied in due diligence evaluation</li> <li>Achieved year on year improvement in external agency ESG ranking across social, environmental and governance measures</li> <li>Net zero direct emissions achieved for FY23, with significant reduction in direct emissions</li> </ul>	
<b>Investments</b>	40%		35
<ul style="list-style-type: none"> <li>Company is ready and capable of executing on value accretive investment</li> </ul>		<ul style="list-style-type: none"> <li>Significant growth in number and quality of investment opportunities reviewed and presented to board</li> <li>Active pipeline of new opportunities</li> </ul>	
<b>Total</b>	<b>100%</b>		<b>70</b>

## Directors' Report

### 6.3.3. STI Awards from FY23 Scorecard Outcomes

The following table presents the outcomes of the STI award attributed to the performance year ended at 30 June 2023. The face value of the share rights has been presented, as the fair value will not be determined until the grant is made in late August 2023.

Table 10: STI outcome for FY23

Executive KMP	Maximum STI Opportunity	% of maximum STI earned	% of maximum STI forfeited	STI Cash	Tranche 1 Share Rights	Tranche 2 Share Rights	Total
J Andrews	\$330,000	70%	30%	\$77,000	\$77,000	\$77,000	\$231,000
B Ryan	\$210,000	75%	25%	\$52,500	\$52,500	\$52,500	\$157,500

### 6.3.4. Vesting of 2019 Replacement Awards

In recognition of the demerger and the MD & CEO's loss of Iluka Resources Limited equity awards on joining Deterra, the 2019 replacement awards were granted to the MD & CEO as performance rights as three equal tranches of restricted shares. The performance rights are tested for vesting subject to performance conditions to 31 December 2022. These performance conditions are the same as the LTI plan listed in 6.2.2.1. The testing results are summarised in table 11.

Table 11: 2019 Replacement Award outcome for FY23

Measure	Performance Outcome	% Weighting	% of RA that vested
Relative TSR	Not Vested	50%	0%
Relative share price growth to Iron Ore Price	Vested	50%	50%
	Overall	100%	50%

The performance rights were vested and exercised into shares (14,403 shares) on 17 February 2023.

The last tranche of restricted shares (13,676 shares) was vested on 1 March 2023.

### 6.3.5. 2021 LTI outcome in FY23

The following table presents the vesting test results of the 2021 LTI award:

Table 12: 2021 LTI outcome in FY23

Measure	Performance Outcome	% Weighting	% of LTI that vested
Relative TSR	Not Vested	50%	0%
Relative share price growth to Iron Ore Price	Vested	50%	38%
	Overall	100%	38%

The 2021 LTI performance rights will vest and become exercisable into shares in late August 2023.

### 6.3.6. Actual pay received/ receivable in FY23

Table 13 below sets out the 'Actual Pay Received/ receivable' by Executive KMP for FY23 in Australian dollars. It is included to complement the statutory remuneration disclosures to better illustrate the remuneration received or receivable by Executives for service and performance over FY23.

Table 13: Actual pay received/ receivable in FY23

Executive	TFR	Other <sup>1</sup>	STI		2021 LTI <sup>3</sup>	MAR <sup>4</sup>	Replacement Award		Total
			Cash <sup>2</sup>	Share Rights <sup>2</sup>			Restricted Shares <sup>5</sup>	Performance Rights <sup>6</sup>	
J Andrews	\$825,000	\$16,243	\$77,000	\$154,000	\$333,532	-	\$61,952	\$68,990	\$1,536,717
B Ryan	\$525,000	\$9,368	\$52,500	\$105,000	\$169,800	-	-	-	\$861,668

## Directors' Report

### 6.3.6. Actual pay received/ receivable in FY23 (continued)

Notes:

- <sup>1</sup> Represents dividend equivalent payments for J Andrews in relation to vesting of 2019 Replacement Award and parking for J Andrews and B Ryan.
- <sup>2</sup> Represents outcome from FY23 STI per table 12. Cash is to be paid in August 2023. Share rights vest in two tranches in late August 2025 and 2026. The value of the share rights presented is the face value of the award, as the fair value will not be determined until the grant is made in late August 2023.
- <sup>3</sup> Relates to outcome from 2021 LTI per table 14, which will vest and become exercisable into shares in August 2023. The estimated market value of the 2021 LTI performance rights was calculated using 30 June 2023 closing share price of \$4.60
- <sup>4</sup> Relates to the one-off Management Alignment Rights granted to the CFO in FY23. The award vests in FY24 subject to the CFOs' continued service to 1 September 2023.
- <sup>5</sup> Represents tranche 3 of the 2019 Replacement Award restricted shares vested on 1 March 2023. The value shown as pay received is the number of shares that vested (13,676) multiplied by the vesting date share price (\$4.53).
- <sup>6</sup> Represents 2019 Replacement Award performance rights vested as per table 13. The value shown as pay received is the number of shares that vested (14,403) multiplied by the vesting date share price (\$4.79).

While this disclosure is not the same as the remuneration expensed (see table 16) in accordance with the accounting standards, it has been audited together with the rest of the remuneration report.

### 6.3.7. Executive KMP statutory

Table 14 sets out the remuneration of Executive KMP for the 2023 Financial Year in Australian Dollars and has been prepared in accordance with the requirements of Section 300A of the Australian Corporations Act 2001 and associated accounting standards.

Table 14: Statutory remuneration

Executive	Base Salary	Super-annuation	Non-monetary Benefits <sup>1</sup>	Short-term cash incentive <sup>2</sup>	Annual Long Service Leave	Share Based Payment <sup>3</sup>			% of performance-based remuneration
						Restricted Shares	Performance/ Share Rights <sup>4</sup>	Total Statutory Remuneration	
<b>J Andrews</b>									
2023	\$799,708	\$25,292	\$9,368	\$77,000	(\$33,283)	\$19,841	\$664,892	\$1,562,818	49%
2022	\$801,432	\$23,568	\$12,452	\$66,000	\$47,596	\$67,508	\$656,079	\$1,674,635	47%
<b>B Ryan</b>									
2023	\$499,708	\$25,292	\$9,368	\$52,500	\$12,497	-	\$461,889	\$1,061,255	37%
2022	\$501,432	\$23,568	\$12,452	\$42,000	(\$2,019)	-	\$286,476	\$863,909	38%

Notes:

- <sup>1</sup> Represents car parking for Executive KMP.
- <sup>2</sup> FY23 Short-term Incentive award cash component will be paid in August 2023. The value shown is that accrued for FY23.
- <sup>3</sup> Represents the value of vested and unvested equity expensed during the period including the probability of the incentives vesting, in accordance with AASB 2 *Share-based Payment*, related to grants made to the executive. Vesting of the majority of securities remains subject to significant performance and service conditions as outlined in the above sections.
- <sup>4</sup> 2023 Performance/ Share rights for Brendan Ryan, includes expenses recognised for majority of the unvested one-off MAR award in accordance with AASB 2 *Share-based Payment*. The award will vest in FY24, subject to the service condition outlined in section 6.2.3

## 6.4 Executive KMP Share and other equity holdings

### 6.4.1 Executive KMP shareholdings

The movements in share and other equity holdings for executive KMP are set out in Table 15. Details of Non-Executive director shareholdings are set out in Table 22 in Section 8

Table 15: Executive KMP shareholdings

Executive	Instrument	Held at 1/7/22	Granted as compensation	Received on exercise of rights	Other <sup>1</sup>	Held at 30/6/2023
J Andrews	Ordinary shares	98,830	-	14,403	13,676	126,909
	Restricted shares (vested 03/23)	13,676	-	-	(13,676)	-
B Ryan	Ordinary shares	20,000	-	-	20,000	20,000

Notes:

- <sup>1</sup> Other changes represent 13,676 restricted shares vested in March 2023 and converted to ordinary shares

6.4.2. Performance and Share Rights details

All Performance Rights and Share Rights are exercisable following vesting. Table 16 provides details of the various Performance Rights and Share Rights granted and that remain on foot.

Performance Rights and Share Rights are exercised into ordinary shares on a one for one basis.

Table 16: Performance Rights and Share Rights details

Name & Grant Dates	Grant Type	Fair Value at Grant Date \$	Vesting Year	Expiry Year <sup>1</sup>	Balance at the start of the year		Granted in FY23		Balance at the end of the year	
					Unvested	#	Vested/ exercisable	%	Unvested	#
<b>J Andrews</b>										
7/12/2020	2019 RA PRs	\$3.55/\$3.13	FY23	FY23	28,806	14,403	50%	14,403	50%	-
7/12/2020 <sup>2</sup>	2021 LTI PRs	3.50/3.10	FY24	FY24	192,888	-	-	-	-	192,888
20/12/2021	2022 LTI PRs	\$2.44/\$3.21	FY25	FY25	191,101	-	-	-	-	191,101
9/11/2022	2023 LTI PRs	\$2.02/\$2.48	FY26	FY31	-	198,64	-	-	-	198,646
9/11/2022	2022 STI SRs	\$4.23	FY24	FY31	-	15,892	-	-	-	15,892
9/11/2022	2022 STI SRs	\$4.23	FY25	FY31	-	15,892	-	-	-	15,892
FY24 <sup>3</sup>	2023 STI SRs	\$4.60	FY25	FY32	-	-	-	-	-	-
FY24 <sup>3</sup>	2023 STI SRs	\$4.60	FY26	FY32	-	-	-	-	-	-
									<b>Total</b>	<b>614,419</b>
<b>B Ryan</b>										
7/12/2020 <sup>2</sup>	2021 LTI PRs	3.50/3.10	FY24	FY24	98,198	-	-	-	-	98,198
20/12/2021	2022 LTI PRs	\$2.44/\$3.21	FY25	FY25	97,288	-	-	-	-	97,288
9/11/2022	2023 LTI PRs	\$2.02/\$2.48	FY26	FY31	-	101,128	-	-	-	101,128
9/11/2022	2022 STI SRs	\$4.23	FY24	FY31	-	10,113	-	-	-	10,113
9/11/2022	2022 STI SRs	\$4.23	FY25	FY31	-	10,113	-	-	-	10,113
14/12/2022	MAR SRs	\$4.66	FY24	FY31	-	32,131	-	-	-	32,131
FY24 <sup>3</sup>	2023 STI SRs	\$4.60	FY25	FY32	-	-	-	-	-	-
FY24 <sup>3</sup>	2023 STI SRs	\$4.60	FY26	FY32	-	-	-	-	-	-
									<b>Total</b>	<b>348,971</b>

Notes:

- Rights vested under various awards are not automatically exercised and must be exercised by the Executive KMP before the expiry date.
- Refer to section 6.2.2.1 for the vesting result of 2021 LTI award. The expected rights to be vested and exercised to shares in late August 2023 are 72,507 and 36,913 for Mr Andrews and Mr Ryan respectively.
- The performance period for the 2023 STI was concluded on 30 June 2023. The share rights under the award will be granted in late August 2023, which will be allocated based on 5 day VWAP from 3/7/2023 to 7/7/2023. The fair value at grant represents the estimated fair value using the closing share price of \$4.60 at 30 June 2023. The actual value will be the closing price on the actual grant date. The estimated number of share rights to be granted in late August are 33,692 and 22,972 for Mr Andrews and Mr Ryan respectively.

6.5. Key Terms of Executive KMP Employment Contracts

6.5.1. Notice and termination payments

Table 17 sets out the contractual provisions for current Executive KMP.

Table 17: KMP contracts

Name	Position	Contract Type	Notice Period for Company	Notice Period for Employee	Termination Payment	Treatment of LTI on termination
J Andrews	MD & CEO	Permanent	6 Months	6 Months	6 Months	Board discretion
B Ryan	CFO	Permanent	6 Months	6 Months	6 Months	Board discretion

Termination payments are calculated based upon total fixed remuneration at the date of termination. No payment is made for termination due to gross misconduct.

6.5.2. Managing Director & Chief Executive Officer employment agreement

Table 18: Managing Director & Chief Executive Officer contract

Feature	Approach
Term	Until terminated by either party.
TFR	\$825,000 per annum.  Fixed remuneration includes superannuation and non cash benefits but excludes entitlements to reimbursement.
STI	Mr Andrews is eligible to receive an annual STI and the maximum STI opportunity is 40% of TFR. The STI is paid one third cash, and two thirds share rights.  Further details are discussed in section 6.2.1
LTI	Mr Andrews is eligible to receive an annual LTI grant and the maximum LTI opportunity is 100% of TFR.  Further details are discussed in section 6.2.2
Termination	Mr Andrews can resign:  By providing six months' written notice; or <ul style="list-style-type: none"> <li>Immediately in circumstances where there is a fundamental change in his role or responsibilities. In these circumstances, Mr Andrews is entitled to a payment in lieu of 6 months' notice.</li> </ul> Deterra can terminate Mr Andrews' employment: <ul style="list-style-type: none"> <li>Immediately for misconduct or other circumstances justifying summary dismissal; or</li> <li>By providing 6 months' written notice.</li> </ul> If Mr Andrews resigns he will be subject to a six month post employment restraint.
Other	The agreement contains provisions regarding leave entitlements, duties, confidentiality, intellectual property, moral rights and other facilitative and ancillary clauses. It also contains provisions regarding corporate governance and a provision dealing with the <i>Corporations Act 2001</i> (Cth) limits on termination benefits to be made to Mr Andrews.

## Directors' Report

### 7 Non-Executive director remuneration

#### 7.1 Remuneration Policy

Remuneration for Non-Executive Directors is determined by reference to relevant external market data and takes into consideration the level of fees paid to directors of other Australian corporations of similar size and complexity to Deterra. Remuneration for Non-Executive Directors is subject to the aggregate limit of \$1 million in any calendar year that may be changed in future years with shareholder approval.

Fees for Non-Executive Directors are fixed and are not linked to the financial performance of the Company. Non-Executive Directors are not entitled to retirement benefits.

Table 19 sets out the fee structure that has applied since listing in October 2020.

Table 19: Board fees policy per annum, inclusive of superannuation

	FY23
Chair fees	\$225,000
Member fees	\$150,000

No additional or separate fees are paid for service.

In addition to Board fees, Non-Executive Directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred in attending meetings of the Board, Committees or shareholders or while engaged on Deterra business.

There are no share or performance based plans for Deterra Non-Executive Directors. Table 20 details the statutory remuneration for the Non-Executive Directors.

Table 20: Non-Executive Director statutory remuneration

Name	Year	Base Fees	Superannuation	Non-Monetary Benefits	Total Statutory Remuneration
J Seabrook	2023	\$214,309	\$10,690	-	\$225,000
	2022	\$219,886	\$5,114	-	\$225,000
G Devlin	2023	\$135,747	\$14,253	-	\$150,000
	2022	\$136,353	\$13,647	-	\$150,000
J Warner	2023	\$135,747	\$14,253	-	\$150,000
	2022	\$136,353	\$13,647	-	\$150,000
A Stratton <sup>1</sup>	2023	-	-	-	-
	2022	-	-	-	-
J Neal <sup>2</sup>	2023	\$88,077	-	2,325	\$90,402
	2022	-	-	-	-

Notes:

<sup>1</sup> A Stratton is a nominee of Deterra's largest shareholder Iluka Resources Limited and is not remunerated.

<sup>2</sup> J Neal commenced as director on 30 November 2022. The non-monetary benefits include the Australian immigration and tax services for J. Neal (a non-Australian resident).

## Directors' Report

### 8 Minimum Shareholding Requirement Policy

Deterra has adopted a Minimum Shareholding Policy to strengthen the alignment of the interests of directors and executives of Deterra with the long term interests of Deterra's shareholders.

#### Executive Key Management Personnel

The Policy was first extended to Executive KMP in August 2021 and revised in April 2023, requiring:

- the CEO & Managing Director to meet a minimum shareholding requirement of 100 per cent of his total fixed remuneration; and
- the CFO to meet a minimum shareholding requirement of 80 per cent of his total fixed remuneration.
- In each case within five years of appointment to the participating position.

While Executive KMPs have not yet accumulated the required shareholding value, it is expected they will meet the timeframe requirement through participating in Deterra's employee incentive schemes.

#### Non-Executive Directors

The Policy required all Non-Executive directors to meet a minimum shareholding requirement of 100 per cent of their annual base fees (pre-tax) within five years of appointment. The policy was revised in April 2023 for all NEDs to meet this requirement within three years of appointment.

Table 21 summarises the current applicable MSR under this Policy, while Table 22 shows share movements that occurred during the financial year.

Table 21: Minimum shareholding requirements

Individual covered by this Policy	Minimum Shareholding Percentage of TFR/annual fees
MD & CEO	100%
CFO	80%
Chair of the Board	100%
Other Non-Executive Directors	100%

Table 22: KMP shareholdings

Director	Ordinary Shares			Share Rights <sup>1</sup>			Minimum shareholding met <sup>5</sup>	
	Shares Held at 30/6/22	Received on exercise of rights	Other <sup>2</sup>	Shares Held at 30/6/23	FY23 STI Share Rights <sup>3</sup>	MAR Share Rights <sup>4</sup>		Shares & Rights at 30/6/23
J Seabrook	94,776			94,776			94,776	Yes
G Devlin	40,000			40,000			40,000	Yes
J Warner	50,000			50,000			50,000	Yes
A Stratton	43,260			43,260			43,260	Yes
J Neal	-		5,000	5,000			5,000	No
J Andrews	98,830	14,403	13,676	126,909	31,784	-	158,693	No
B Ryan	20,000			20,000	20,226	32,131	72,357	No

Notes:

<sup>1</sup> The minimum shareholding assessment takes into account vested performance or share rights; and unvested performance/ share rights, where the only unsatisfied vesting condition relates to continuity of service.

<sup>2</sup> Other changes represent shares that were purchased or sold and restricted shares vested during the year.

<sup>3</sup> FY22 STI share rights were granted in November 2022 and will vest in two equal tranches in July 2023 and 2024, subject to continuous employment.

<sup>4</sup> The one-off MAR was granted to the CFO in December 2022 and will vest in September 2023, subject to continuous employment.

<sup>5</sup> Assessment of eligible shares and corresponding market price carried out in accordance with Deterra's Minimum Shareholding Policy available at <https://www.deterraroyalties.com/sustainability/policies-and-charters/>

## Directors' Report

### Corporate Governance

#### Matters subsequent to the EOFY (Refer notes)

There are no matters or circumstances that have arisen since 30 June 2023 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years other than the Board recommending a final dividend of 16.85 cents per share which is equal to \$89,077,000, and the expansion of \$350 million bilateral credit facilities to \$500 million with one of the existing financiers on 14 August 2023. For further information regarding matters subsequent to the end of the financial year, see Note 16 on page 79 of the Financial Report.

#### Likely developments (Refer Operations & Financial Review)

In the opinion of the Directors, it would prejudice the interests of the Group to provide additional information, except as reported in this Directors' Report (including the Operating and Financial Review from pages 31 to 37 of this report), relating to likely developments in the operations of the Group and the expected results of those operations in the financial years subsequent to the financial year ended 30 June 2023.

#### Environmental regulation (Refer Sustainability Report)

The consolidated entity seeks to be compliant with all applicable environmental laws and regulations relevant to its operations. Management is not aware of any environmental laws or regulations that have not been complied with during the financial year. For further information regarding Deterra's sustainability reporting, see page 12 of this Annual Report.

#### Auditor

PricewaterhouseCoopers continues in office, in accordance with the *Corporations Act 2001* (Cth) (*Corporations Act*). For a copy of the Auditor's Independence Declaration, as required under section 307C of the *Corporations Act*, see page 58.

#### Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. No non-audit services were provided by PwC for the year ended 30 June 2023.

#### Corporate Governance Statement (Refer CGS)

The Company has, for FY23, elected to disclose the Corporate Governance Statement only on the Company's website. The Corporate Governance Statement can be found at <https://www.deterraroyalties.com/sustainability/corporate-governance/>.

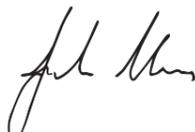
#### Use of cash and assets

During the period between admission to the Official List of ASX and the end of the reporting period, Deterra used the cash and assets in a form readily convertible to cash that it had at the time of admission to the ASX, in a way consistent with its business objectives. This statement is made pursuant to ASX Listing Rule 4.10.19.



Jennifer Seabrook

Independent Chair



Julian Andrews

Managing Director &  
Chief Executive Officer

## Auditor's Independence Declaration



### Auditor's Independence Declaration

As lead auditor for the audit of Deterra Royalties Limited for the year ended 30 June 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



Ian Campbell  
Partner  
PricewaterhouseCoopers

Perth  
14 August 2023

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# Financial Report

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Image: Deterra Board and Staff visiting newly constructed South Flank Screening Plant printed with permission from BHP Group

## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Royalty revenue	2	229,264	265,155
Business Development		(1,395)	(729)
Operating expenses	3	(8,528)	(7,642)
Depreciation and amortisation		(396)	(393)
Operating profit before finance cost		<b>218,945</b>	<b>256,391</b>
Net finance income/(cost)	4	(1,215)	(852)
Net foreign exchange gains/(losses)		(18)	(7)
Profit before tax		<b>217,712</b>	<b>255,532</b>
Income tax expense	5	(65,254)	(77,070)
Net Profit After Tax		<b>152,458</b>	<b>178,462</b>
Other comprehensive profit for the period, net of tax		-	-
Total comprehensive profit for the period		<b>152,458</b>	<b>178,462</b>
Total and continuing earnings per share:			
Basic earnings per share (\$)	20	0.2885	0.3377
Diluted earnings per share (\$)	20	0.2883	0.3375

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

## Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	7b	29,491	27,456
Trade and other receivables	7a	73,104	113,220
Income tax assets		620	482
Prepayments		558	602
<b>Total Current Assets</b>		<b>103,773</b>	<b>141,760</b>
<b>Non-Current Assets</b>			
Royalty intangible assets	8	8,289	8,596
Property, plant and equipment		99	30
Prepayments		1,141	1,675
Right-of-use assets		171	229
<b>Total Non-Current Assets</b>		<b>9,700</b>	<b>10,530</b>
<b>Total Assets</b>		<b>113,473</b>	<b>152,290</b>
<b>Current Liabilities</b>			
Trade and other payables	7c	768	479
Provisions		130	123
Lease liability		70	68
<b>Total Current Liabilities</b>		<b>968</b>	<b>670</b>
<b>Non-Current Liabilities</b>			
Lease liability		116	180
Borrowings	7d	-	-
Deferred tax	6	20,251	32,815
<b>Total Non-Current Liabilities</b>		<b>20,367</b>	<b>32,995</b>
<b>Total Liabilities</b>		<b>21,335</b>	<b>33,665</b>
<b>Net Assets</b>		<b>92,138</b>	<b>118,625</b>
<b>Equity</b>			
Share capital	9	0	0
Reserves		3,037	1,859
Retained Earnings		89,101	116,766
<b>Total Equity</b>		<b>92,138</b>	<b>118,625</b>

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

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Share Capital \$'000	Retained Earnings \$'000	Share-based payment reserve \$'000	Total Equity \$'000
<b>Balance at 1 July 2021</b>	<b>0</b>	<b>60,919</b>	<b>804</b>	<b>61,723</b>
Profit for the period	-	178,462	-	178,462
Total comprehensive income/(loss) for the period	<b>0</b>	<b>178,462</b>	<b>-</b>	<b>178,462</b>
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	-	-	-	-
Share-based payments	-	-	1,058	1,058
Dividend equivalent payment on vested rights	-	-	(3)	(3)
Dividend declared/paid	-	(122,615)	-	(122,615)
	<b>0</b>	<b>(122,615)</b>	<b>1,055</b>	<b>(121,560)</b>
<b>Balance at 30 June 2022</b>	<b>0</b>	<b>116,766</b>	<b>1,859</b>	<b>118,625</b>
<b>Balance at 1 July 2022</b>	<b>0</b>	<b>116,766</b>	<b>1,859</b>	<b>118,625</b>
Profit for the period	-	152,458	-	152,458
Total comprehensive income/(loss) for the period	<b>0</b>	<b>152,458</b>	<b>-</b>	<b>152,458</b>
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	-	-	-	-
Share-based payments	-	-	1,184	1,184
Dividend equivalent payment on vested rights	-	-	(6)	(6)
Dividend declared/paid	-	(180,123)	-	(180,123)
	<b>0</b>	<b>(180,123)</b>	<b>1,178</b>	<b>(178,945)</b>
<b>Balance at 30 June 2023</b>	<b>0</b>	<b>89,101</b>	<b>3,037</b>	<b>92,138</b>

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

## Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		269,480	206,925
Payments to suppliers and employees		(8,430)	(7,561)
Interest Received		1,192	207
Interest paid		(1,963)	(827)
Income Tax paid		(77,957)	(70,929)
<b>Net cash inflow from operating activities</b>	10	<b>182,322</b>	<b>127,815</b>
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant, and equipment		(89)	(10)
<b>Net cash outflow from investing activities</b>		<b>(89)</b>	<b>(10)</b>
<b>Cash Flows from Financing Activities</b>			
Dividend paid		(180,123)	(122,615)
Payment of borrowing establishment fee		-	(1,868)
Proceeds from borrowings		27,500	14,000
Repayment of borrowings		(27,500)	(14,000)
Repayment of lease liabilities		(74)	(72)
<b>Net cash outflow from financing activities</b>		<b>(180,197)</b>	<b>(124,555)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,036</b>	<b>3,250</b>
Cash and cash equivalents at the start of the year		27,456	24,206
<b>Cash and cash equivalents at the end of the year</b>		<b>29,491</b>	<b>27,456</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### Contents of the notes to the consolidated financial statements

#### How numbers are calculated:

1. Segment information
2. Royalty revenue
3. Breakdown of expenses by nature
4. Net finance income/(cost)
5. Income tax expense
6. Deferred tax
7. Financial assets and financial liabilities
8. Royalty intangible assets
9. Share capital
10. Cash flow information

#### How we manage risk

11. Critical estimates and judgements
12. Financial risk management
13. Capital management

#### Group structure

14. Interests in subsidiaries

#### Unrecognised items

15. Commitments and contingencies
16. Subsequent events

#### Further details

17. Related party transactions
18. Share-based payments
19. Remuneration of auditors
20. Earnings per share
21. Parent entity financial information
22. Summary of significant accounting policies

**How the numbers are calculated:**

This section provides additional information about those individual line items in the financial statement that the directors consider most relevant in the context of the operation of the Group, including:

- \* Accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with the particular type of transaction
- \* Analysis and subtotal, including segment information
- \* Information about estimates and judgements made in relation to particular items

1. Segment information
2. Royalty revenue
3. Breakdown of expenses by nature
4. Net finance income/(cost)
5. Income tax expense
6. Deferred tax
7. Financial assets and liabilities
8. Royalty intangible assets
9. Share capital
10. Cash flow information

**1. 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, who is 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.

**2. Royalty Revenue**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
MAC royalty	215,185	218,752
MAC capacity payment	13,000	46,000
Other royalties	1,079	403
<b>Total Royalty revenue</b>	<b>229,264</b>	<b>265,155</b>

*Royalty revenue*

The revenue of the Group comprises mainly royalty revenue. As described further in note 8, the Group considers royalty interests to represent a retained interest in the relevant mineral asset. The royalty is therefore a payment by the operator of each mining property on which the royalty interest is held for the right to extract and sell commodities from that retained interest. Royalty arrangements typically provide Deterra with a right to periodic payments calculated as a percentage of the amounts invoiced by the operator in the given period. Certain of the Group's arrangements also provide an entitlement for lump sum payments when the operator meets certain production thresholds (called capacity payments).

The Group recognises royalty revenue when commodities are sold by the operator under customer contracts (the Group is not a party to these contracts). Invoices are generally issued by the operator at the point when commodities are sold. Practically, the Group is provided with periodic communication from the operator about the amounts invoiced. Revenue from royalty arrangements is measured each period based on the agreed terms of the royalty arrangement and confirmed with the operator of each mining property.

Revenue from capacity payments is recognised proportionately when it is highly probable that the relevant annual production capacity threshold will be exceeded. For current arrangements, this is generally when the Group is informed by the counterparty that this has occurred. It is measured at the amount calculated using the agreed terms in the royalty agreement and confirmed with the counterparty.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 3. Breakdown of expenses by nature

	2023 \$'000	2022 \$'000
Employee benefits expenses	4,200	3,518
Other expenses	4,328	4,124
<b>Total operating expenses</b>	<b>8,528</b>	<b>7,642</b>

### 4. Net Finance Income/(Cost)

	2023 \$'000	2022 \$'000
<b>Finance Income</b>		
Interest on bank deposits	1,284	224
Total finance income	1,284	224
<b>Finance Cost</b>		
Finance Costs – Leases	(4)	(4)
Revolving credit facility fees and interest	(2,495)	(1,072)
Total finance costs	(2,499)	(1,076)
<b>Total Net Finance Income/(Costs)</b>	<b>(1,215)</b>	<b>(852)</b>

#### Interest income

Interest income is accrued on a time basis, by reference to the carrying value and at the effective interest rate applicable.

#### Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets which take more than 12 months to prepare for their intended use.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 5. Income Tax Expense

	2023 \$'000	2022 \$'000
(a) Income tax expense		
Current tax		
Current income tax on profits for the period	77,818	59,544
Total Current income tax	77,818	59,544
Deferred tax		
Decrease/(increase) in deferred tax assets	(513)	89
(Decrease)/increase in deferred tax liabilities	(12,051)	17,437
Total deferred tax expense/(benefit)	(12,564)	17,526
Income tax expense	<b>65,254</b>	<b>77,070</b>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	217,712	255,532
Tax at the average effective tax rate of 30%	65,314	76,660
<i>Income tax expense adjustments:</i>		
Effect of non-deductible expenses	94	410
Employee share-based plan	(154)	-
Income tax expense	<b>65,254</b>	<b>77,070</b>

The income tax expense or benefit represents the sum of current and deferred income taxes.

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 6. Deferred Tax

	2023 \$'000	2022 \$'000
<b>Deferred tax assets</b>		
<i>The balance comprises temporary differences attributable to:</i>		
Provisions and accruals	54	48
Lease liabilities	56	74
Demerger expenses	556	835
Share-based payments	499	-
Other	552	247
	<hr/>	<hr/>
Gross deferred tax assets	1,717	1,204
Amount offset to deferred tax liabilities pursuant to set-off provision	(1,717)	(1,204)
Net deferred tax assets	<hr/> <hr/>	<hr/> <hr/>
<b>Deferred tax liability</b>		
<i>The balance comprises temporary differences attributable to:</i>		
Property, plant and equipment	6	8
Right-of-use assets	51	69
Royalty receivable	21,873	33,929
Other	38	13
	<hr/>	<hr/>
Gross deferred tax liabilities	21,968	34,019
Amounts offset to deferred tax assets pursuant to set-off provision	(1,717)	(1,204)
Net deferred tax liabilities	<hr/> <hr/>	<hr/> <hr/>

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting nor taxable profit or loss; or are associated with investments and loans in controlled entities and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates (and laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity and not in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred tax assets and liabilities relate to the same taxation authority.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 7. Financial Assets and Financial Liabilities

The Group holds the following financial instruments:

	Note	2023 \$'000	2022 \$'000
<b>Financial assets</b>			
Financial assets at amortised cost			
Trade and other receivables	7(a)	73,104	113,220
Cash and cash equivalents	7(b)	29,491	27,456
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
Trade and other payables	7(c)	768	479
Borrowings	7(d)	-	-
Lease liability		186	248

#### a) Trade and other receivables

	2023 \$'000	2022 \$'000
<i>Current</i>		
Royalties receivable	72,909	113,096
Accrued interest income	120	28
GST receivable	47	39
Other receivables	28	57
	<hr/>	<hr/>
	73,104	113,220

Trade and other receivables principally comprise amounts relating to royalties receivable. The Directors consider that the carrying amount of trade and other receivables is approximately their fair value.

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the amount communicated as receivable from the counterparty under the terms of the royalty agreement. Impairment losses are recognised based on lifetime expected credit losses in profit or loss and are estimated as \$nil given the credit quality of the counterparties.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short-term nature.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### b) Cash and cash equivalents

	2023 \$'000	2022 \$'000
Operating bank account	29,491	27,456
Total cash & cash equivalents	29,491	27,456

Cash and cash equivalents comprise cash on hand which are subject to an insignificant risk of changes in value.

### c) Trade and other payables

	2023 \$'000	2022 \$'000
<i>Current</i>		
Trade payables	109	43
Employee liabilities	299	181
Accrued expenses	351	252
Other payables	9	3
Total current trade & other payables	768	479

The Directors consider that the carrying amount of trade and other payables approximates their fair value. All amounts are considered short term, and none are past due.

The amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

Trade payables are not interest bearing and are stated at their fair value on initial recognition. After initial recognition these are measured at amortised cost using the effective interest method.

### d) Borrowings

#### (i) Bilateral Credit Facility Agreement

On 21 February 2022, Deterra refinanced its existing Revolving Cash Advance facility, increasing total credit limits from \$40 million to \$350 million. The bilateral credit facilities comprise maturities of three, four, and five years and have been implemented on an unsecured basis.

Interest bearing bank facilities are initially recognised at fair value, net of directly attributable transaction costs. Transaction costs are recognised in prepayments and amortised over the term of the bilateral credit facilities as they relate to the provision of the facility over that period.

The table below details the facility expiries:

A\$ million	Total facility	Facility Expiry			
		2024	2025	2026	2027
At 30 June 2023	\$350m	-	\$175m	\$100m	\$75m
At 30 June 2022	\$350m	-	\$175m	\$100m	\$75m

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Undrawn funds of the Bilateral Credit Facility at 30 June 2023 were \$350 million (2022: \$350 million).

#### (ii) Interest rate exposure

At 30 June 2023, the Group had the full Bilateral Credit Facility available for drawdown. Accordingly, the Group did not have any interest rate exposure from the Revolving Cash Advance Facility. The applicable interest rate for each drawdown is determined with reference to the prevailing interest rates at drawdown date. The contractual repricing date of all the floating rate interest bearing liabilities at the balance date is within one year of drawdown.

#### (iii) Financial covenants

Under the term of the facility agreement, the Group is required to comply with certain financial covenants typical of a facility and business of this nature, including covenants that relate to the ratio of Earnings before Interest, Taxation and Depreciation and Amortisation ("EBITDA") to Net Finance Expense and the ratio of Net Debt to EBITDA. The covenants are tested at specific intervals and the Group remains in compliance with all covenants.

### 8. Royalty intangible assets

The Group's royalty intangible assets currently comprise the Group's royalty interests over Mining Area C.

	2023 \$'000	2022 \$'000
<b>Gross carrying amount</b>		
Opening balance	9,210	9,210
Additions through asset acquisition	-	-
Closing balance	9,210	9,210
<b>Amortisation</b>		
Opening balance	(614)	(307)
Amortisation charge	(307)	(307)
Closing balance	(921)	(614)
<b>Carrying Amount 30 June</b>	8,289	8,596

Royalties are initially measured at cost, including any transaction costs.

The Group considers the substance of a royalty to be economically similar to holding a direct interest in the underlying mineral asset. Existence risk (the commodity physically existing in the quantity demonstrated), production risk (that the operator can achieve production and operate a commercially viable project), timing risk (commencement and quantity produced, determined by the operator) and price risk (returns vary depending on the future commodity price, driven by future supply and demand and foreign exchange rates) are all risks which the Group participates in on a similar basis to an owner of the underlying mineral licence.

Furthermore, there is only a right to receive cash to the extent there is production and there are no interest payments, minimum payment obligations or means to enforce production or guarantee repayment. These are accounted for as intangible assets under AASB 138.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### Amortisation of intangible assets

The Group's royalty intangible assets are amortised on a straight-line basis over the estimated remaining life of mine. The amortisation starts upon the commencement of production at the underlying mining operation.

The Group's royalty intangible assets were amortised as follows during the period:

Royalty interest	Acquisition value \$'000	Carrying value at 30 June 2023 \$'000	Estimated life of mine	Remaining life of mine
<i>Mining Area C</i>	9,210	8,289	360 months	324 months

### 9. Share Capital

	Number of shares	\$
Ordinary shares at 1 July 2021	528,503,128	1
Employee shares issued - 18 Feb 2022	22,576	-
Ordinary shares at 30 June 2022	528,525,704	1
Employee shares issued - 17 Feb 2023	14,403	-
Ordinary shares at 30 June 2023	528,540,107	1

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

The Group issued 14,403 shares to the Managing Director & CEO on 17 February 2023 upon the vesting of the Executive Incentive Plan. Refer to note 18.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 10. Cash Flow Information

	2023 \$'000	2022 \$'000
Reconciliation of cash flows from operating activities with profit from ordinary activities after income tax:		
Profit for the year	152,458	178,462
Adjusted for non-cash items:		
Depreciation of PPE	20	14
Depreciation of right-of-use asset	69	72
Amortisation of intangibles	307	307
Amortisation of loan establishment fees	534	246
Share-based payment	1,214	1,058
Annual leave provision	7	59
Interest income accrued	(92)	(17)
Finance cost on lease liabilities	3	4
Net unrealised foreign exchange (gains)/losses	1	(5)
Changes in assets and liabilities:		
(Increase)/Decrease in operating receivables	40,216	(58,229)
(Increase)/Decrease in prepayments	44	42
(Increase)/Decrease in income tax assets	(138)	-
Increase/(Decrease) in trade and other payables	244	(338)
Increase/(Decrease) in tax payable	-	(11,386)
Increase/(Decrease) in deferred tax liability	(12,564)	17,526
Net cash flows from operations	182,322	127,815

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### Managing risk:

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance:

- 11. Critical estimates, judgements, and errors
- 12. Financial risk management
- 13. Capital management

### 11. Critical Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

During FY 2023, there have been no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial period.

### 12. Financial Risk Management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

#### a) Credit risk

Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents and receivables. The Group closely monitors its financial assets and maintains its cash deposits in a high-quality financial institution with a minimum A-/A3 credit rating.

As at 30 June 2023, the Group is unaware of any information which would cause it to believe that these cash deposits are not fully recoverable. The credit risk relating to receivables is discussed in Note 7 (a).

#### b) Liquidity risk

Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands. The Group manages its exposure to liquidity risk through prudent management of its financial position, including maintaining sufficient cash on hand or undrawn credit facilities. The Group has in place a planning and budgeting process to help determine the funds required to support the Group's normal operating requirements on an ongoing basis. Management continuously monitors and reviews both actual and forecast cash flows.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### (i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2023 \$'000	2022 \$'000
<b>Floating rate</b>		
- Expiring within one year	-	-
- Expiring beyond one year	350,000	350,000
	350,000	350,000

### (ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

Contractual maturities of financial liabilities	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
<b>As at 30 June 2023</b>					
Trade and other payables	768	-	-	-	768
Lease liabilities	74	76	39	-	189
Total non-derivatives	842	76	39	-	957
<b>As at 30 June 2022</b>					
Trade and other payables	479	-	-	-	479
Lease liabilities	71	72	111	-	254
Total non-derivatives	550	72	111	-	733

### 13. Capital Management

#### a) Risk management

The Group defines capital as the total equity attributable to common shareholders. Capital is managed by the Group's management and governed by the Board of Directors. The Group is not subject to any externally imposed capital requirements and relevant financial covenants are disclosed in note 7(d)(iii).

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### b) Dividends

#### i) Ordinary shares

	2023 \$'000	2022 \$'000
<b>Fully franked at 30 per cent</b>		
Final dividend for FY22: 22.08 cents per share (FY21: 11.52 cents per share)	116,698	60,883
Interim dividend for FY23: 12.00 cents per share (FY22: 11.68 cents per share)	63,425	61,732
	180,123	122,615

#### ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 16.85 cents per fully paid ordinary share. The aggregate amount of the proposed dividend expected to be paid on 19 September 2023 out of retained earnings at 30 June 2023, but not recognised as a liability at year end, is \$89,077,000.

#### iii) Franking credits

The final dividends recommended after 30 June 2023 will be fully franked out of existing franking credits, or out of franking credits arising from the payment of income tax relating to the year ending 30 June 2023.

	2023 \$'000	2022 \$'000
Franking credits available for subsequent reporting periods	40,025	51,531

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 year.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### Group structure:

This section provides information that will help users understand how the group structure affects the financial position and performance of the Group as a whole. In particular, there is information about changes to the structure that occurred during the year.

A list of significant subsidiaries is provided in note 14.

#### 14. Interest in Subsidiaries

### 14. Interest in Subsidiaries

The condensed consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described below:

Name of entity	Country of incorporation	Equity holding*	
		2023	2022
Deterra Royalties (MAC) Limited	Australia	100%	100%
Deterra Royalties Holdings Pty Limited	Australia	100%	100%
A.C.N. 663 260 357 Pty Ltd	Australia	100%	-

\* The proportion of ownership interest is equal to the proportion of voting power held.

### Principles of consolidation

#### Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Deterra Royalties Limited as at 30 June 2023 and the results of all subsidiaries for the year then ended. Deterra Royalties Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Consolidated Entity, are shown separately within the Equity section of the consolidated Statement of Financial Position and in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### Unrecognised items:

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

- 15. Commitments and Contingencies
- 16. Subsequent events

### 15. Commitments and Contingencies

There are no other commitments or contingent liabilities outstanding at 30 June 2023.

### 16. Subsequent Events

Subsequent to period end:

- The Board of Directors recommended a final dividend of 16.85c per share which is equal to \$89,077,000.
- On 14 August 2023, Deterra expanded the \$350 million bilateral credit facilities to \$500 million with one of the existing financiers on the same terms. The expiry date of the additional \$150 million facility is 21 February 2026.

No other matter or circumstance has arisen since 30 June 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.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### Further details:

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

- 17. Related party transactions
- 18. Share-based payments
- 19. Remuneration of auditors
- 20. Earnings per share
- 21. Parent entity financial information
- 22. Summary of significant accounting policies

### 17. Related party transactions

#### a) Subsidiaries

Interests in subsidiaries are set out in note 14.

#### b) Key management personnel compensation

	2023 \$	2022 \$
Short-term employee benefits	1,982,009	1,977,092
Post-employment benefits	89,782	79,543
Share-based payments	1,143,484	1,010,063
	3,215,275	3,066,698

Detailed remuneration disclosures are provided in the remuneration report on pages 43 to 57.

#### c) Transactions with other related parties

	2023 \$	2022 \$
<i>Dividends paid to Iluka Resources</i>		
Total dividends paid	36,019,977	24,520,641

#### d) Payable to related party

At 30 June 2023 there were no (30 June 2022: \$0) amounts payable to related parties.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 18. Share Based Payments

#### Equity settled transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using valuation techniques appropriate to the instrument being valued, such as Black-Scholes models or Monte Carlo simulations.

In determining the fair value of the equity instruments granted, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Deterra Royalties Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting period has expired; and
- the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Consolidated Statement of Profit or Loss and Other Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

During the year, equity settled share-based payments were awarded to the Managing Director, Chief Financial Officer and eligible employees under the Group's various incentive plans, details are provided in 20(ii) – 20(v) below.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

The share-based payment expense recognised is summarised below:

	2023 \$'000	2022 \$'000
Share-based payment expense recognised in profit or loss	1,221	1,058

The following table shows the performance rights and restricted shares granted and outstanding at the beginning and end of the reporting period:

	EIP		LTI	STI	MAR
	Rights	Restricted Shares	Rights	Rights	Rights
Opening balance	28,806	13,675	603,357	60,678	-
Opportunity granted during the year	-	-	299,773	78,319	32,131
Vested during the year	(14,403)	(13,675)	-	-	-
Lapsed during the year	(14,403)	-	-	-	-
Other adjustments during the year	-	-	-	(8,668)	-
<b>As at 30 June 2023</b>	-	-	903,130	130,329	32,131
Weighted average remaining contractual life of the deferred rights outstanding at end of year	0 years	0 years	1.5 years	1.1 years	0.17 years

#### i. Executive Incentive Plan (EIP)

Equity awarded under the Executive Incentive Plan serve as replacement for instruments issued to the Managing Director under the relevant Iluka Resources Limited Executive Incentive Plan. The number of restricted shares and performance rights to be awarded are determined based on the number of shares previously awarded by Iluka under the scheme.

The fair value of the restricted shares (average: \$5.05) is determined with the reference to the share price at the date of the grant on 7 December 2020 and the expected dividend yield. The fair value of the performance rights (average: \$3.34) took into account the share price at the grant date, expected share price volatility, dividend yield and the risk-free rate.

#### ii. Long Term Incentive Award

Performance rights under the Long Term Incentive Plan were granted to the MD & CEO and CFO each year, with an effective date of 1 July. Under the award, there are two performance hurdles being relative TSR and share price growth compared to the ASX200 Resources Accumulation Index and the Platts 62% Iron Ore CFR China Index, respectively.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

The fair value of the performance rights is determined using an option pricing model with the following inputs:

	20 December 21	9 November 22
Grant date		
Share price at grant date	\$4.20	\$4.23
Volatility	28.11%	27.80%
Dividend yield	3.33%	5.22%
Risk-free rate	0.92%	3.43%
FV at grant date (avg)	\$2.91	\$2.25
Performance or service conditions	Performance	Performance

### iii. Short Term Incentive Award - Executives

Short-Term Incentive Award is offered to the MD & CEO and CFO each year, effective as of 1 July. Under the award, the performance is assessed based on a balanced score card at the end of each financial year. One-third of the outcome is paid in cash, and two-thirds is to be in the form of share rights and deferred for up to two years. The fair value of the share rights is determined with reference to the closing share price at the grant date (2023: \$4.60, 2022: \$4.23).

### iv. Short Term Incentive Award - Employees

Short-Term Incentive Award was introduced in December 2022 to eligible employees, effective as of 1 July 2022. Under the award, the performance is assessed based on a balanced score card. Fifty per-cent of the outcome is paid in cash, and fifty per-cent is to be in the form of share rights and deferred for up to two years. The fair value of the share rights is determined with reference to the closing share price at the grant date (\$4.60).

### v. Management Alignment Award (MAR) Rights

The one-off Management Alignment Award was granted on 14 December 2022 to the CFO, effective as of 1 September 2022. Under the award, the rights will vest upon the completion of a 12-month continuous employment period. The fair value of the share rights is determined with reference to the closing share price at the grant date (\$4.66).

## 19. Remuneration of Auditors

During the year the following exact amount of fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC), as the auditor of the parent entity, Deterra Royalties Limited:

	2023 \$'000	2022 \$'000
Audit and review of financial reports		
Group	37	47
Controlled Entities	-	-
Total audit and review of financial reports	37	47
Other services		
Consulting services	-	-
Total services provided by PwC	37	47

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 20. Earnings Per Share

### i. Basic earnings per share

Basic earnings per share is calculated by dividing the profit/loss attributable to equity holders of the company excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

### ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Earnings per ordinary share is calculated on the Group's profit after tax of \$152,458,000 and the weighted average number of shares in issue during the year of 528,530,992.

	2023 \$'000	2022 \$'000
<b>Net profit attributable to shareholders</b>		
Earnings per share - basic	\$0.2885	\$0.3377
Earnings per share - diluted	\$0.2883	\$0.3375

The number of diluted shares was calculated based on the total number of performance rights that had a dilutive effect at 30 June 2023 time weighted for the year ended 30 June 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:

	2023 Number	2022 Number
<b>Weighted average number of shares on issue</b>		
Basic weighted average number of shares outstanding	528,530,992	528,511,354
Dilutive effect of Employee Performance Rights	348,601	343,181
Diluted number of shares outstanding	528,879,594	528,854,535

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 21. Parent entity financial information

Summary financial information for the parent entity, Deterra Royalties Limited:

	Parent 2023 \$'000	Parent 2022 \$'000
<i>Balance sheet</i>		
Current assets	30,865	28,664
Total assets	86,669	55,003
Current liabilities	967	669
Total liabilities	21,333	55,564
<i>Shareholders' equity</i>		
Share capital	0	0
Reserves	3,037	1,859
Retained earnings	62,299	(2,419)
	65,336	(560)
<b>Profit/(Loss) for the period</b>	244,842	65,591
<b>Total comprehensive income/(loss)</b>	244,842	65,591

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### (a) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity. Dividends received from subsidiaries are recognised in the parent entity's profit or loss when its right to receive the dividend is established. After 30 June 2023 but prior to issuance of this report, Deterra subsidiaries have declared and paid a final dividend to the parent entity, providing the parent entity sufficient profits and net assets for the announced final dividend payment.

#### (b) Deed of cross guarantee

Deterra Royalties Limited and its controlled entities entered into a deed of cross guarantee under which each entity cross guarantees the debts of the others. By entering into the deed, the wholly owned subsidiaries have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. For the purposes of the cross guarantee, the Group is a 'closed group'. The closed group's financial position at 30 June 2023 as well as the profit and cashflows for the period ended on that date are the same as the consolidated financial position, consolidated profit and cashflows presented in this financial report.

#### (c) Tax consolidation legislation

Deterra Royalties Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation and formed a tax consolidated group. The members of the tax consolidated group have entered into a tax sharing agreement which limits joint and several liability of the wholly-owned entities in the case of a default by the head entity, Deterra Royalties Limited.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 22. Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to the period presented. These financial statements present the financial information for Deterra Royalties Limited as a consolidated entity consisting of Deterra Royalties Limited and the entities controlled throughout the period (Group or consolidated entity). The Group is a for-profit entity for the purpose of this financial report.

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. In addition, the financial statements comply with International Financial Reporting Standards issued by the International Accounting Standards Board. Deterra Royalties Limited is a for-profit entity for the purpose of preparing the financial statements.

##### i. Historical cost convention

These financial statements have been prepared on the historical cost basis, except for share based payments that is measured at grant date fair value (refer Note 18).

##### ii. Rounding

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

##### iii. New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations relevant to the Group that have recently been issued or amended but are not yet effective, have not been adopted by the Group for the period ended 30 June 2023 are outlined in the table below:

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Reference	Summary	Application date of the standard	Applies to financial year ended
AASB 2022-2	<p>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</p> <p>This Standard amends:</p> <ul style="list-style-type: none"> <li>a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;</li> <li>b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies;</li> <li>c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;</li> <li>d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and</li> <li>e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</li> </ul>	1 January 2023	30 June 2024

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.

### iii. *New standards and interpretations adopted*

The Group has adopted all Accounting Standards and Interpretations mandatory to annual periods beginning on or before 1 July 2022. Adoption of these standards and interpretations did not have a material effect on the financial position or performance of the Group.

### (b) *Foreign currency translation*

#### i. *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Deterra Royalties Limited's functional and presentation currency.

#### ii. *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the balance sheet date. Exchange differences arising from the application of these procedures are taken into the Profit or Loss and Other Comprehensive Income.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### iii. *Group companies*

Should an entity in the Group have a functional currency different from the presentation currency (and not a currency in a hyperinflationary economy), their results and financial position are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- Income and expenses for the consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the consolidated statement of profit or loss and other comprehensive income, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

### (c) *Plant and equipment*

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- IT and office equipment – 3 to 5 years

### (d) *Impairment of non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets are impaired. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. If such an indication is identified, the recoverable amount of the asset is estimated in order to determine the extent of any impairment.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

The recoverable amount is the higher of fair value (less costs of disposal) and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that has been adjusted to reflect the risks specific to that asset. If the recoverable amount of the asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is also recognised in the consolidated statement of profit or loss and other comprehensive income.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Should an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment loss is also recognised in the consolidated statement of profit or loss and other comprehensive income.

### (e) *Employee benefits*

#### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as other payables.

### (f) *Provisions*

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### (g) *Leases*

#### The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for the short-term leases (defined as leases with lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### *i. Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

- The exercise price of purchase options, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

The Group did not make any such adjustments during the period.

#### *ii. Right of use assets*

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

The Group applied AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in 'Plant and Equipment' policy.

## Directors' Declaration

For the year ended 30 June 2023

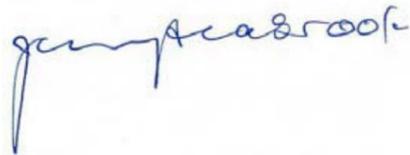
In the directors' opinion:

- (a) the financial statements and notes set out on pages 60 to 91 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 30 June 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
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 16 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 21.

Note 22(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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



**Jennifer Seabrook**  
Independent Chair

Perth, Western Australia



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

Perth, Western Australia

## Independent Auditor's Report



### Independent auditor's report

To the members of Deterra Royalties Limited

#### Report on the audit of the financial report

##### Our opinion

In our opinion:

The accompanying financial report of Deterra Royalties Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2023
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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**Our audit approach**

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> <li>For the purpose of our audit, we used overall Group materiality of \$10.8million, which represents approximately 5% of the Group's profit before tax.</li> <li>We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.</li> <li>We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.</li> <li>We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.</li> </ul>	<ul style="list-style-type: none"> <li>Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> </ul>	<ul style="list-style-type: none"> <li>Amongst other relevant topics, we communicated the following key audit matter to the Audit and Risk Committee:                             <ul style="list-style-type: none"> <li>Royalty revenue</li> </ul> </li> <li>This is further described in the <i>Key audit matters</i> section of our report.</li> </ul>



**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
<p><b>Royalty revenue (\$229,264,000)</b> <i>Refer to note 2</i></p> <p>As described in note 2, royalty revenue is earned on royalty interests held by the Group.</p> <p>This was a key audit matter due to the financial significance of revenue to the financial statements of the Group.</p>	<p>Our audit procedures included the following, amongst others:</p> <ul style="list-style-type: none"> <li>Evaluating the appropriateness of the revenue recognition policy against the requirements of accounting standards.</li> <li>Testing royalty revenue recognised by the Group by agreeing the revenue recognised to the royalty statements received from the relevant counterparties and tracing receipt of these amounts to the Group's bank account.</li> <li>We compared the formula used in the royalty statement to that stipulated in the royalty agreement. We agreed the inputs used in the royalty statement to supporting information provided by the counterparty to the Group.</li> <li>We assessed the completeness of royalty revenue by evaluating the amount of revenue recognised against publicly available information in relation to the quantity of ore produced and average ore prices during the period.</li> <li>Evaluated the adequacy of the disclosures made in note 2 in light of the requirements of Australian Accounting Standards.</li> </ul>



### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.



### Report on the remuneration report

#### Our opinion on the remuneration report

We have audited the remuneration report included in pages 43 to 57 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Deterra Royalties Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Ian Campbell  
Partner

Perth  
14 August 2023

## ASX Additional Information / Shareholder Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

### Capital

Share capital comprised 528,540,107 fully paid ordinary shares on 31 July 2023.

### Shareholder Details

As at 31 July 2023, Deterra Royalties Limited had 21,544 shareholders. There were 2,194 shareholdings with less than a marketable parcel of \$500 worth of ordinary shares.

Rank	Name	Units	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	137,892,877	26.09
2	ILUKA RESOURCES LIMITED	105,692,420	20.00
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	100,595,522	19.03
4	CITICORP NOMINEES PTY LIMITED	61,422,269	11.62
5	NATIONAL NOMINEES LIMITED	17,583,298	3.33
6	BNP PARIBAS NOMS PTY LTD <DRP>	9,809,955	1.86
7	UBS NOMINEES PTY LTD	6,068,244	1.15
8	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	4,651,520	0.88
9	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,870,484	0.54
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,637,664	0.31
11	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,298,600	0.25
12	R O HENDERSON (BEEHIVE) PTY LIMITED	1,080,000	0.20
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,070,560	0.20
14	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	896,752	0.17
15	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	870,217	0.16
16	CARLTON HOTEL LIMITED	502,308	0.10
17	BNP PARIBAS NOMS (NZ) LTD <DRP>	484,496	0.09
18	MR ANGUS MACKAY	481,250	0.09
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	470,790	0.09
20	MCNEIL NOMINEES PTY LIMITED	450,000	0.09
	<b>Total Held by First 20</b>	<b>455,829,226</b>	<b>86.24</b>
	<b>Total Held by remaining shareholders</b>	<b>72,710,881</b>	<b>13.76</b>
	<b>Total issued capital</b>	<b>528,540,107</b>	<b>0.00</b>

### Other securities on issue

As at 31 July 2023, we have 917,533 performance rights across 5 holders and 84,141 share rights across 2 holders.

### Substantial Holders of Deterra Royalties Limited at 31 July 2023

As at 31 July 2023, Deterra Royalties Limited has four substantial shareholders who, together with their associates, hold five per cent or more of the voting rights in the Deterra Royalties Limited, as notified to the Company under the Australian Corporations Act.

Name	Number of shares in Notice	Percentage of Capital in Notice
Iluka Resources Limited	105,692,420	20.00%
Perpetual Limited	62,873,175	11.90%
Schroder Investment Management Australia Limited	37,342,046	7.07%
BlackRock Inc.	27,313,241	5.16%

## ASX Additional Information / Shareholder Information (continued)

### Investor Categories

Range	Total holders	Units	% Units
1 - 1,000	10,567	3,977,130	0.75
1,001 - 5,000	7,650	19,101,278	3.61
5,001 - 10,000	1,974	14,742,740	2.79
10,001 - 100,000	1,300	28,131,147	5.32
100,001 Over	53	462,587,812	87.52
<b>Rounding</b>			<b>0.01</b>
<b>Total</b>	<b>21,544</b>	<b>528,540,107</b>	<b>100.00</b>

### Voting Rights

On a show of hands, every member present in person or by proxy, attorney or representative shall have one vote. Upon a poll, every member present in person or by proxy, attorney or representative shall have one vote for every share held by the member. Where more than one proxy, attorney or representative is appointed, none may vote on a show of hands.

### Share Registry Information

Computershare Investor Services Pty Ltd provides share registry services to Deterra and can be contacted for assistance with queries related to shareholdings, dividend payments and other administrative matters.

#### Computershare Investor Services Pty Ltd

Level 11, 172 St Georges Terrace Perth Western Australia 6000

GPO Box D182 Perth Western Australia 6840

Telephone (within Australia): 1300 733 043

Telephone (outside Australia): +61 3 9415 5000

Facsimile: +61 3 9473 2500

## Glossary of Terms

\$ or A\$	Australian dollars.
\$m	million Australian dollars.
AAS or Australian Accounting Standards	Australian Accounting Standards issued by the AASB.
AASB	Australian Accounting Standards Board.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited, or the financial market operated by the Australian Securities Exchange, as the context requires.
ATO	Australian Taxation Office.
BHP	BHP Group Limited (ACN 004 028 077) and/or its Subsidiaries, as the context requires.
Board	the Deterra Board.
Capacity Payment	with reference to Mining Area C is the capacity payment key term as described in Table 7.
CFR	Cost and Freight.
The Company	Deterra Royalties Limited (ACN 641 743 348) and its controlled entities.
Corporations Act	<i>Corporations Act 2001 (Cth)</i> .
Deterra	Deterra Royalties Limited (ACN 641 743 348).
Deterra Holdings	Deterra Royalties Holdings Pty Ltd (ACN 642 008 697).
dmt	dry metric tonnes.
EBIT	earnings before interest and tax.
EBITDA	earnings before interest, tax, depreciation and amortisation.
ESG	environmental, social and governance.
FOB	Free On Board.
FY22 or Financial Year 2022	The period 1 July 2021 to 30 June 2022
FY23 or Financial Year 2023	The period 1 July 2022 to 30 June 2023
Group	Deterra Royalties Limited and its controlled entities.
GST	has the meaning given to it in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
IFRS	International Financial Reporting Standards adopted by the International Accounting Standards Board.
Iluka	Iluka Resources Limited (ACN 008 675 018).
ktpa	thousand tonnes per annum.
MAC Royalty	the royalty arrangements as described in Table 7.
mdmt	million dry metric tonnes.
Mining Area C or MAC	Mining Area C, as described on page 36.
mt	million tonnes.
mtpa	million tonnes per annum.
mwmt	million wet metric tonnes.
North Flank	mining operation within Mining Area C.
NPAT	net profit after tax.
Record Date	the date for determining entitlements of Deterra Shareholders to the final dividend, being 23 August 2023.
South Flank	mining operation within Mining Area C.
TSR	Total Shareholder Return, being the share price growth and dividends paid and reinvested on the ex-dividend date for the relevant company.
US\$	United States dollars.
VWAP	the volume weighted average price of the relevant shares traded on the ASX during the relevant period.
wmtpa	wet metric tonnes per annum.

## Cautionary Notes

### Forward-looking statements

Forward looking statements may generally be identified by the use of forward-looking words such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “likely”, “should”, “planned”, “may”, “might”, “is confident”, “estimate”, “potential” or other similar words or phrases. These statements discuss future expectations concerning the results of operations or financial condition of Deterra, or provide other forward looking statements.

These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which may be beyond Deterra's control, and which may cause the actual results, performance or achievements of Deterra to be materially different from future results, performance or achievements expressed or implied by such statements.

Other than as required by law, none of Deterra, its officers, advisers nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Annual Report will actually occur.

Except as required by law, Deterra disclaims any obligation or undertaking to update or revise any forward-looking statement in this Annual Report.

### Reserves, resources and other technical information

Except where otherwise stated, the information in this Annual Report relating to the mining assets to which Deterra's royalty interests are referable is based solely on information publicly disclosed by the owners or operators of these mining assets and information and data available in the public domain as at the date of this Annual Report, and none of this information has been independently verified by Deterra. Accordingly, Deterra does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information. Specifically, Deterra has limited, if any, access to the mining assets in respect of which royalties are derived by the Deterra. Deterra generally relies on publicly available information regarding the mining assets and generally have no ability to independently verify such information.

### Non-IFRS financial information

This Annual Report contains non-IFRS financial measures EBITDA, Underlying EBITDA, EBIT, free cash flow, and net debt amongst others. Deterra management considers these to be key financial performance indicators of the business and they are defined and/or reconciled in Deterra'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.

## Corporate Directory

### ABN

88 641 743 348

### Directors

**Jennifer Seabrook**  
Independent Chair and  
Non-Executive Director

**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  
(Iluka Nominee)

### Company Secretary

**Brendan Ryan**  
Chief Financial Officer & Company Secretary

**Bronwyn Kerr**  
General Counsel & Company Secretary

### Registered Office & Principal Place of Business

Level 16,  
140 St Georges Terrace  
PERTH WA 6000

+61 8 6277 8880

### Share Register

**Computershare Investor Services Pty Limited**  
GPO Box D182  
PERTH WA 6840

Deterra Royalties shares are listed on  
the Australian Securities Exchange (ASX). Code: **DRR**

### Auditors

**PwC**  
Level 15,  
125 St Georges Terrace  
PERTH WA 6000

+61 8 9238 3000

### Website

[www.deterraroyalties.com](http://www.deterraroyalties.com)

The site contains information on Deterra's operations, ASX releases  
and financial and quarterly reports.

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[deterraroyalties.com](http://deterraroyalties.com)

