

FY2023 Results Presentation

15 August 2023



Deterra
ROYALTIES



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This document may contain non-IFRS financial measures including 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 in the Deterra's 2023 Annual Report, available at www.deterraroyalties.com. Non-IFRS measures have not been subject to audit or review.

All figures are expressed in Australian dollars unless stated otherwise.

This presentation has been authorised for release to ASX by Deterra's Managing Director.

FY23 Highlights



High quality assets delivering strong financial performance

REVENUE

\$229 million

NPAT \$152 million, 96% EBITDA¹ Margin

Mining Area C (MAC) production 126 Mwmt

Supporting shareholder returns

16.85¢/share

Fully franked FY23 Final Dividend

>\$400 million total dividends since listing²

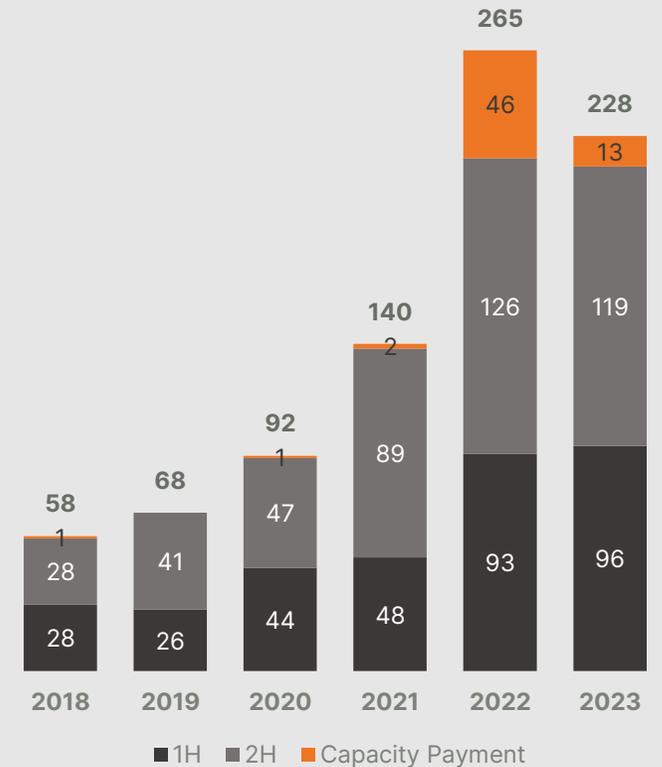
Building a platform for investment and growth

\$500 million

Undrawn credit facility³

Significant facilities available for value accretive transactions

Mining Area C (MAC) royalty receipts
AUD million



(1) See notes on slide 2 – Non-IFRS Measures

(2) Paid or declared, excludes dividend paid prior to demerger

(3) Prior to the 15 August 2023 announcement Deterra has A\$350 million of undrawn credit facility



Financial Results

Simple business model continues to deliver strong financial performance



FY23 Highlights



High quality assets continue to deliver strong financial performance

REVENUE

\$229 million

EBITDA¹

\$219 million

96%
EBITDA MARGIN

NPAT

\$152 million

PAYOUT
100%
NPAT

DIVIDENDS

\$152 million

16.85 ¢/sh
FINAL (Declared)

28.85 ¢/sh
FULL YEAR²
(Fully Franked)

(1) See notes on slide 2 – Non-IFRS Measures

(2) Including 12.00¢/share interim dividend paid 23 March 2023

Mining Area C final push to full capacity



Volume growth at South Flank offsets the decline in AUD iron ore pricing

Performance against last Financial Year

MAC Performance

- Sales volume 118.3 Mdmt
- Avg. realised price \$148/dmt



Royalty Revenue

- Royalty Receipts \$215.2M



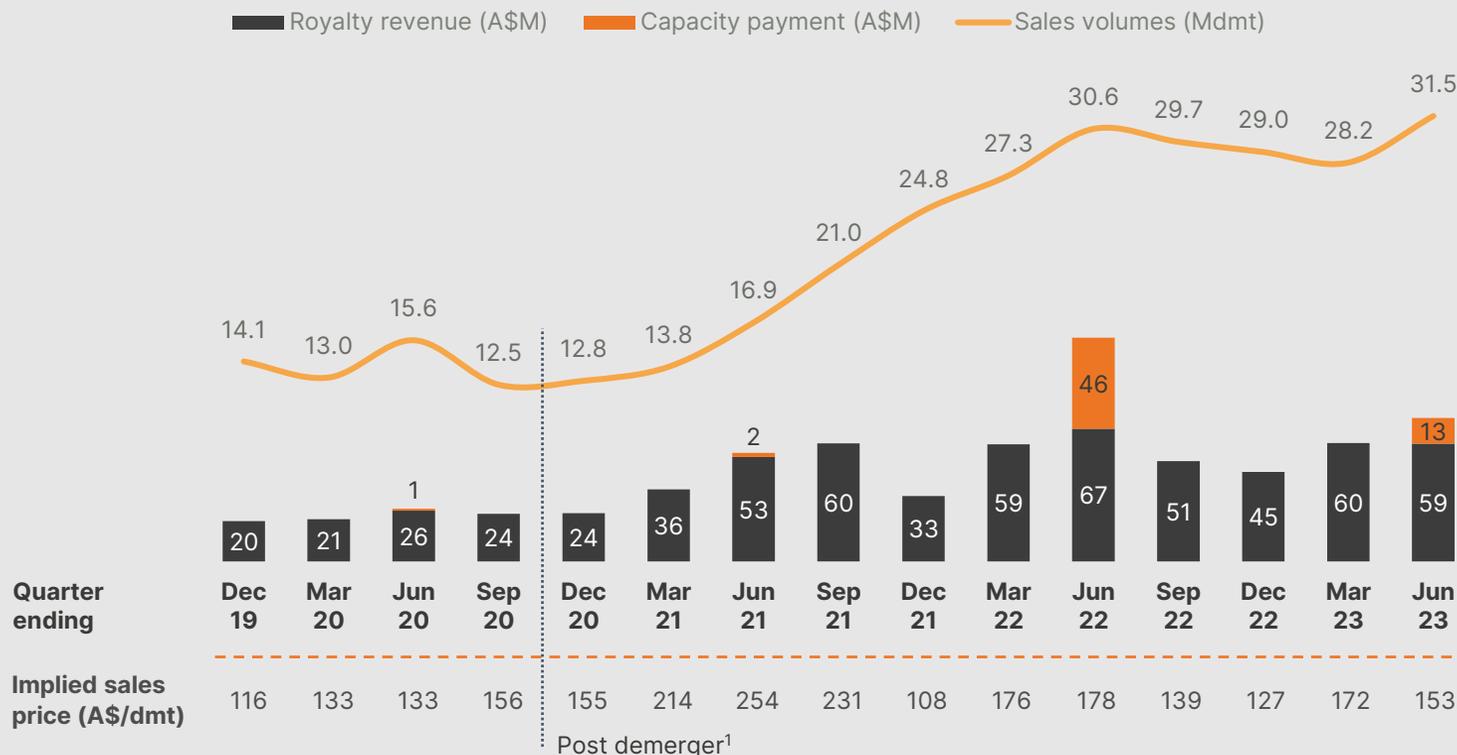
One-off annual Capacity Payment

- Capacity Payment \$13M
- Threshold is now set at 118 Mdmt



MAC quarterly receipts: volume and realised price

AUD million, Million dry metric tonne, A\$/tonne (FOB, Western Australia)



Note: (1) Deterra demerged from Iluka Resources Ltd on 2 November 2020. Deterra received royalty revenues from the quarter commencing 1 October 2020. For more details refer to Deterra Royalties Annual Report 2021.

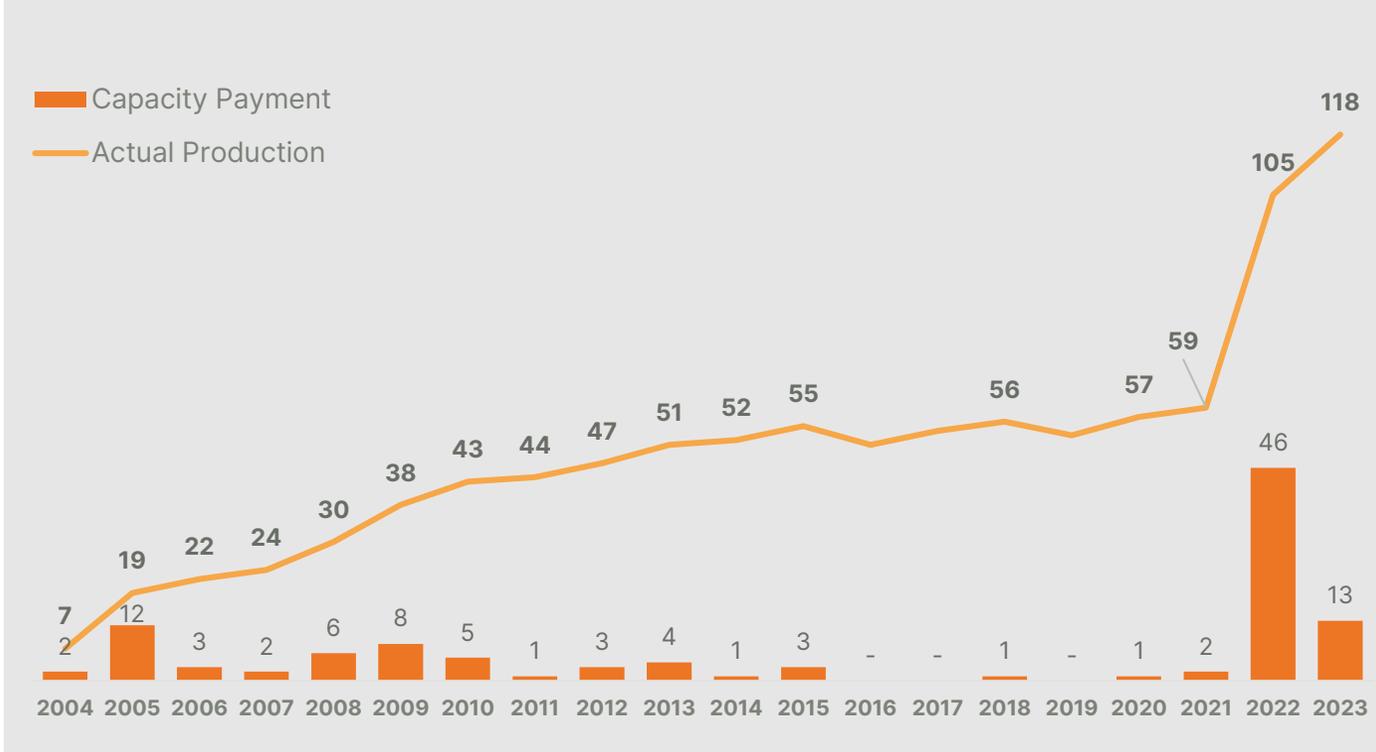
Mining Area C has a long history of growth



MAC continues to ramp up volumes with \$113 million in Capacity Payments since 2004

MAC Life of Mine Production¹ & Capacity Payment

Million dry metric tonne, A\$M



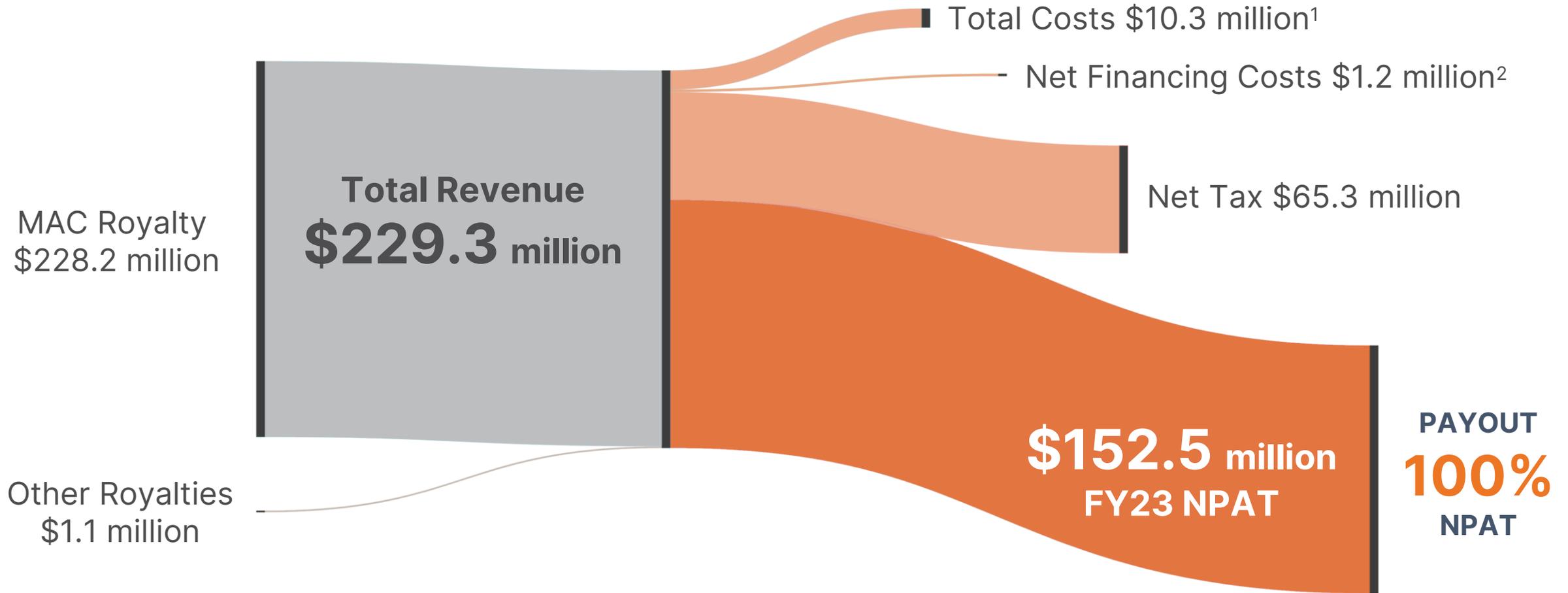
Annual Capacity Payments

- BHP's MAC operation has performed strongly with FY23 production capacity up 13 million dry mtpa year on year
- South Flank expansion remains on schedule to reach 80 million wet mtpa (MAC total 145 million wet mtpa) by the end of FY24²
- At full capacity MAC will be the largest single iron ore hub globally³
- MAC has increased output in 17 of the last 20 years paying out \$113 million in Capacity Payments since 2004

(1) Note, BHP reports production in *wet* metric tonnes
 (2) BHP Operational Review for the period ended 30 June 2023
 (3) BHP Operational Review for year ended 30 June 2021, 20 July 2021

Simplified Income Statement

Illustrative FY23 statement of profit or loss



(1) Total Costs of \$10.3 million includes \$8.5 million of functional operating expenses, \$1.4 million of business development project expenses and \$0.4 million of D&A.

(2) Net Financing Costs of \$1.2 million includes finance costs of \$2.5 million less finance income of \$1.3 million.

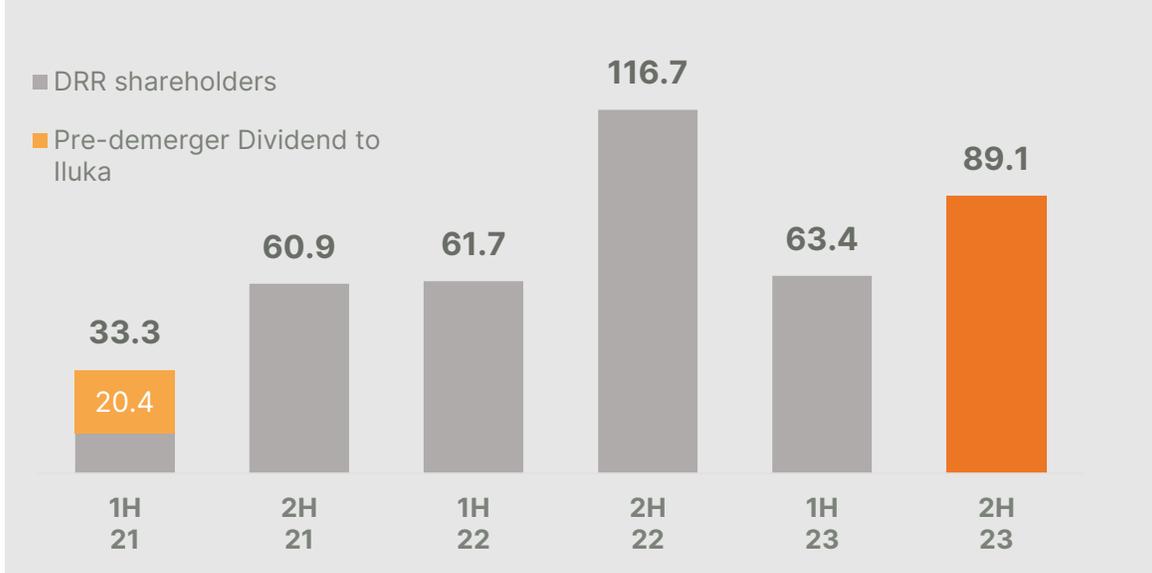
A track record of strong shareholder returns



Disciplined capital management and return of excess cash to shareholders

Deterra's dividend history

AUD million



Declared

FY23 final dividend of 16.85¢ / share (fully franked)

- Record date: 23 August 2023
- Payment date: 19 September 2023

Returns

- Discipline to return capital when not required for investment or balance sheet management
- More than \$400 million returned to shareholders since FY21¹ listing (fully franked)

Optimise Use of Debt

- Announced expansion of existing bi-lateral facilities to \$500 million
 - Expanded current four-year tranche
 - No change to margin

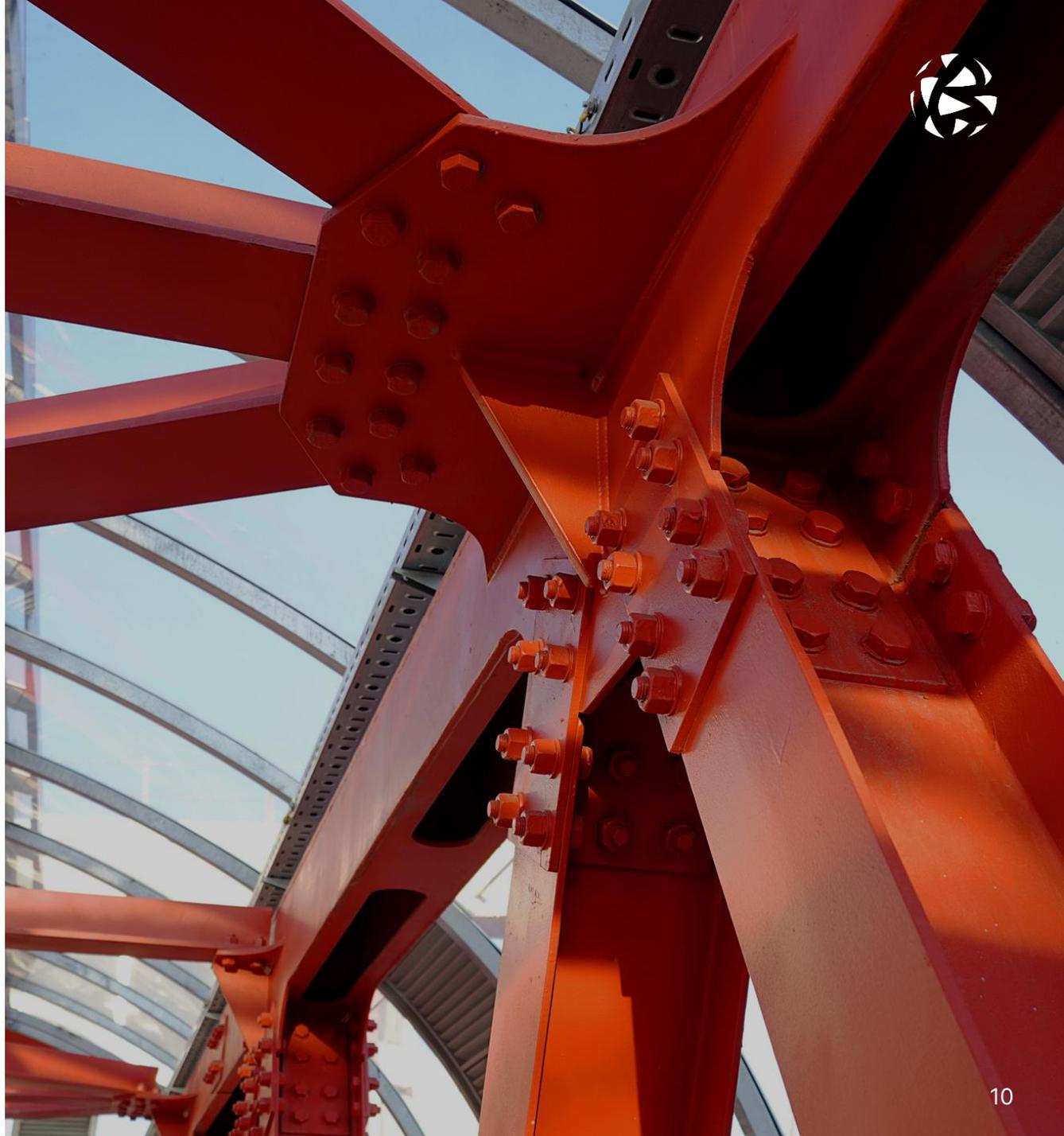
Maintain Targeted Leverage

- Maintaining flexibility to invest counter cyclically
- Expectation that cash flow from royalties will be utilised to maintain leverage in target range
- Targeted range of 0-15% of enterprise value over time

(1) Excludes Pre-Demerger Dividend to Iluka of \$20.4M

Strategy and Outlook

Building a platform for investment and growth





Targeting value accretive growth

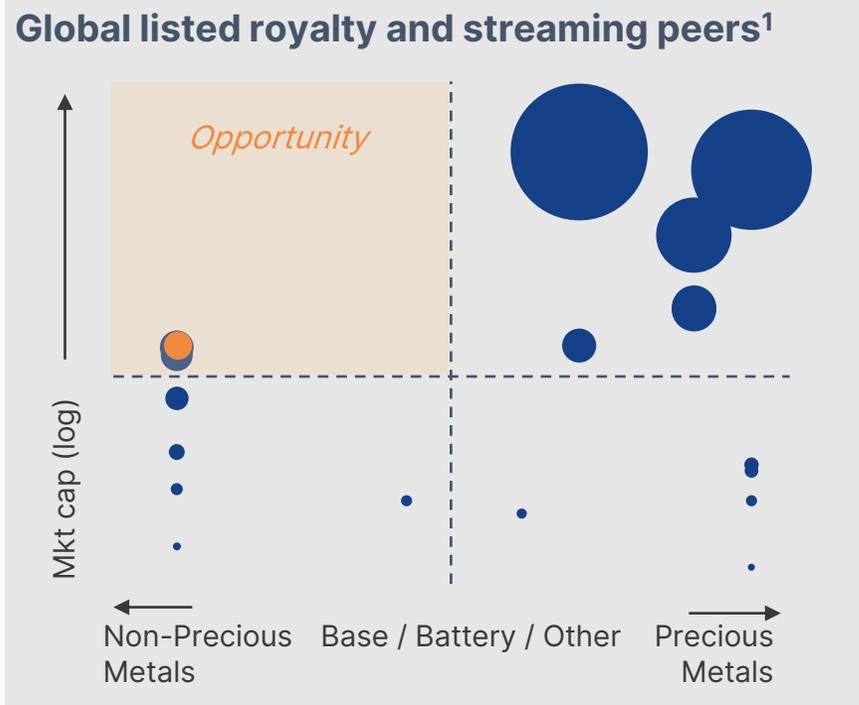
Opportunity to become a leading listed royalty company outside precious metals

Targeted growth

Prioritising opportunities where we have a competitive advantage



- **Quality:** world class foundation in long-life MAC Royalty
- **Liquidity:** cash flow and debt facilities provide differentiated investment capacity
- **Focus:** targeting less competitive niche in higher value non-precious metal royalties



Consistent investment criteria

Primary royalties
Create new royalties

Secondary royalties
Acquire existing royalties

Value and ESG			
Size	Commodity	Geography	Stage
Broad mandate driven by ability to add value	<ul style="list-style-type: none"> • Bulks • Base metals • Battery metals 	Developed mining jurisdictions, incl: <ul style="list-style-type: none"> • Australia • N. America • S. America • Europe 	<ul style="list-style-type: none"> • Production • Near production
("Sweet spot" of A\$100 – 300M)			
<i>Other opportunities considered on merit on a case-by-case basis</i>			

(1) Illustrative only and based on Company estimates. Does not include non-listed providers of royalty or streaming financing

Increasing volume of opportunities reviewed

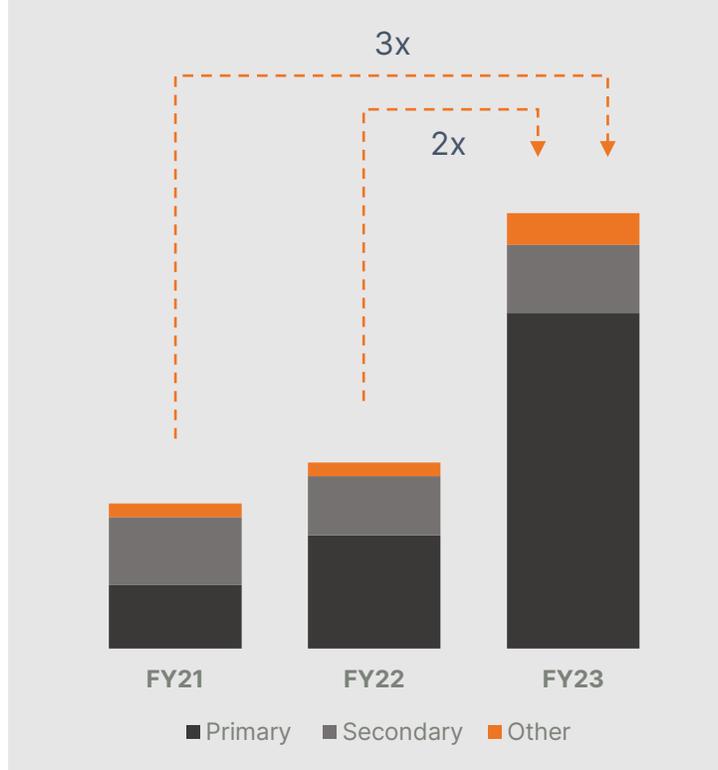


Level of business development activity has increased significantly in FY23

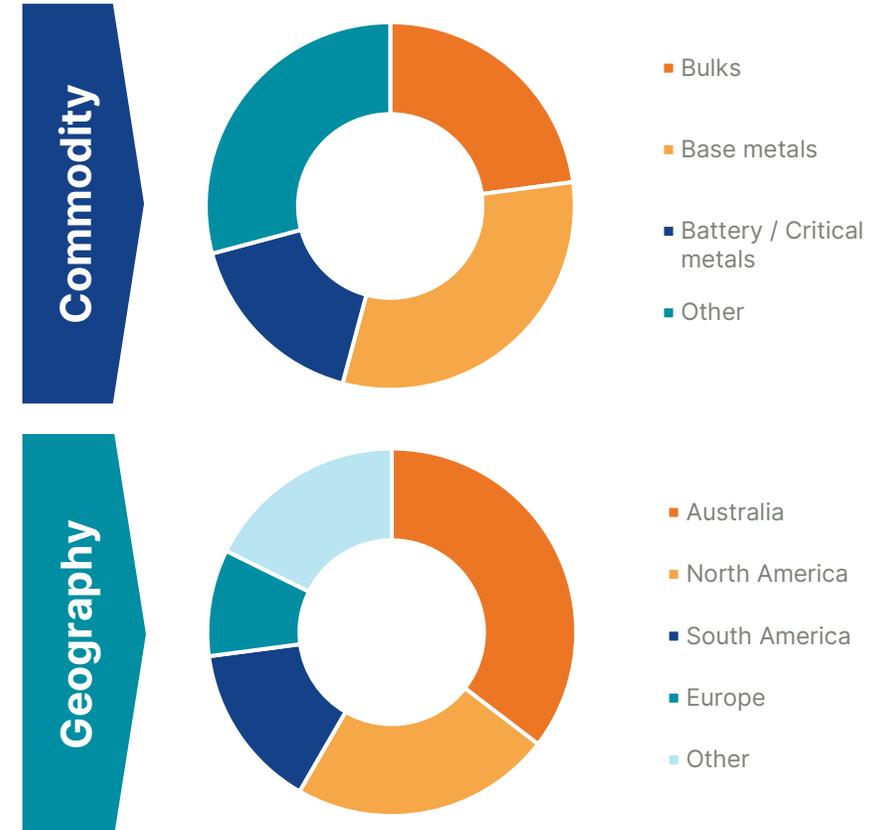
Opportunity pipeline continues to grow as business builds awareness and internal capacity, and access to traditional funding sources has become more challenging for mining businesses

- The number of assessed targets in FY23 has doubled compared to FY22 numbers and tripled compared to FY21¹
- Material increase in number of targets assessed in FY23 in
 - base, battery / critical metals
 - primary royalties
- Investment in additional team capacity to continue in FY24

Number of assessed targets by type



FY23 breakdown



(1) Deterra commenced ASX listing on 23 October 2020

Capital framework for growth and returns



Returning excess cash in the context of maintaining liquidity for future investments

Deterra's **capital management framework** is designed to ensure sufficient liquidity for investment whilst maintaining discipline on cash allocation

Framework

Outcome for FY23

Liquidity

- Critical to the business model “through the cycle” to fund investment activity
- An important factor for counter-parties and point of difference relative to non-precious royalty peers



- Existing bi-lateral facilities increased from \$350 million to \$500 million
- Net cash \$29.5 million (30 June 2023)

Leverage

- Optimise use of debt funding for future acquisitions
- Will fluctuate with acquisition activity, but ability to ‘recycle’ liquidity and debt capacity is key
- Target leverage of 0 to 15 per cent of enterprise value



- No drawn debt (30 June 2023)

Cash flow allocation

- Board will exercise discretion on payout ratio to balance returns to shareholders with the capacity to invest in growth, having regard to balance sheet and investment outlook



- Final dividend of 100 % of NPAT, fully franked

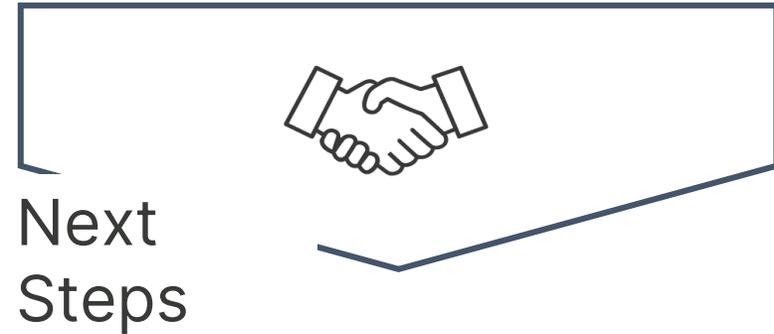
Committed to sustainable shareholder returns



Our sustainability roadmap outlines our commitment to transparent reporting of our ESG performance and objectives



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



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



A better way to invest in resources

Our business model gives exposure to expansions and extensions at no cost, but with lower capital and operating risk than typical mining investments

"Top line" cashflows

Royalty revenue derived from asset's revenue line

Commodity price leverage

Direct exposure to underlying commodity price

Project optionality

Asset expansions and extensions drive value of royalty investments

No capital cost obligations

Royalty owner is free carried through future project capital requirements

Limited operating cost exposure

No direct exposure to project operating costs

Cost inflation resistance

High margins, and protection against cost inflation



For more information

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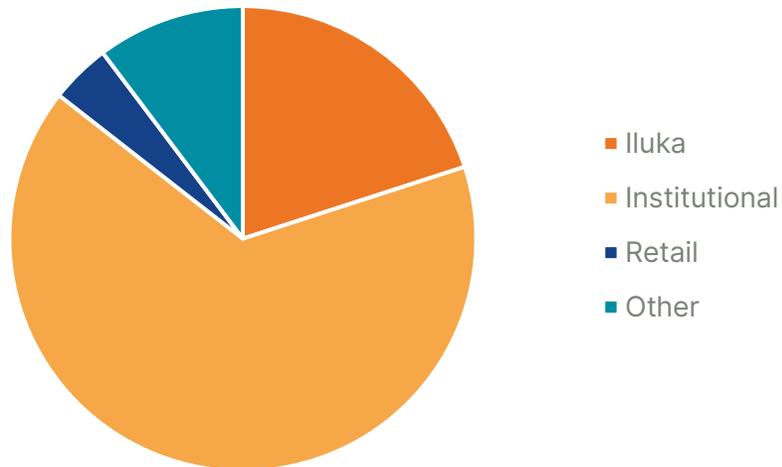
Corporate overview



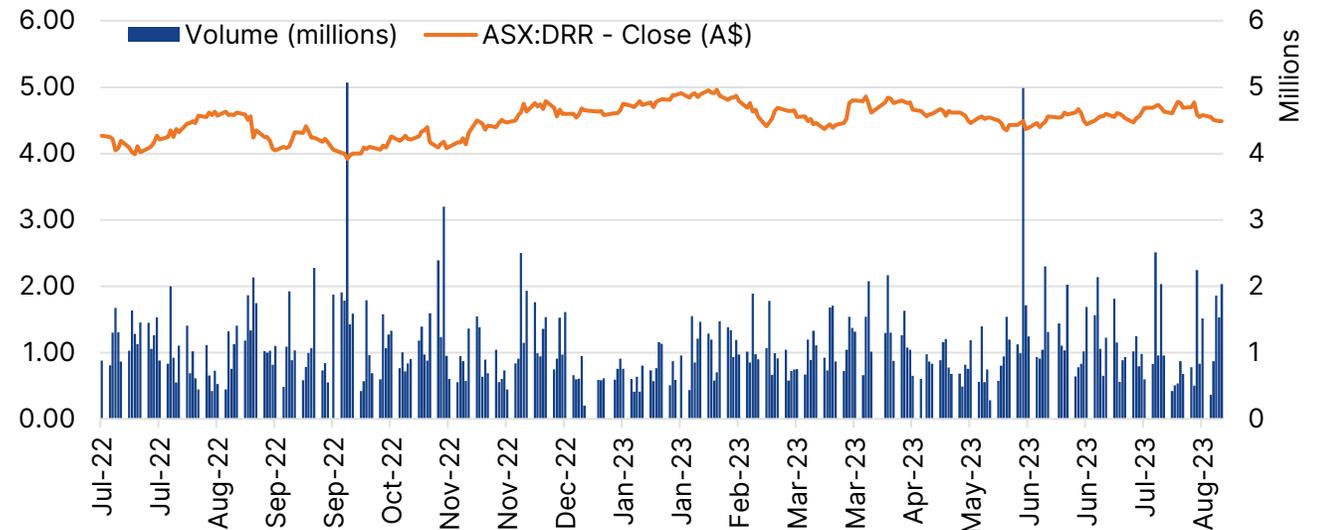
Share price ¹	\$4.49
Shares on issue	528.5m
Market capitalisation ¹	\$2.4bn
Cash (30 June 2023)	\$29.5m
FY23 Final Dividend declared	16.85¢ (full year 28.85¢)
Royalty agreements	6

Managing Director, CEO	Julian Andrews
Independent Non-Executive Chair	Jenny Seabrook
Independent Non-Executive Director	Graeme Devlin
Independent Non-Executive Director	Joanne Warner
Independent Non-Executive Director	Jason Neal
Non-Executive Director ²	Adele Stratton
Chief Financial Officer	Brendan Ryan

Register composition³



Share price performance¹



(1) I S&P Capital IQ, as of 11 August 2023

(2) Iluka Resources Ltd nominee

(3) As of 7 July 2023

Income Statement



Consolidated statement of Profit or Loss (\$'000)	Year ended 30 June 2023	Year ended 30 June 2022
Royalty Revenue	229,264	265,155
Operating Expenses	(1,395)	(729)
Business Development Expenses	(8,528)	(7,642)
Depreciation and Amortisation	(396)	(393)
Operating profit before finance cost	218,945	256,391
Net finance income/(cost)	(1,215)	(852)
Net foreign exchange gains/(losses)	(18)	(7)
Profit before tax	217,712	255,532
Income tax expense	(65,254)	(77,070)
Net Profit After Tax (NPAT)	152,458	178,462
Total and continuing earnings per share:		
Basic earnings per share (\$)	0.2885	0.3377
Diluted earnings per share (\$)	0.2883	0.3375

Balance Sheet



Consolidated statement of financial position (\$'000)	30 June 2023	30 June 2022
Cash and cash equivalents	29,491	27,456
Trade and other receivables	73,104	113,220
Income tax assets	620	482
Prepayments	558	602
Total Current Assets	103,773	141,760
Royalty intangible assets	8,289	8,596
Property, plant, and equipment	99	30
Prepayments	1,141	1,675
Right-of-use assets	171	229
Total Non-Current Assets	9,700	10,530
Total Assets	113,473	152,290
Trade and other payables	768	479
Provisions	130	123
Lease liability	70	68
Total Current Liabilities	968	670
Lease liability	116	180
Borrowings	-	-
Deferred tax	20,251	32,815
Total Non-Current Liabilities	20,367	32,995
Total Liabilities	21,335	33,665
Net Assets	92,138	118,625

EBITDA



Earnings before interest tax and depreciation (EBITDA ¹) (\$'000)	Year ended 30 June 2023	Year ended 30 June 2022
Net Profit After Tax	152,458	178,462
<i>add back income tax expense</i>	65,254	77,070
Profit before tax	217,712	255,532
<i>add back Net finance costs and FX gains</i>	1,233	859
Operating profit before finance cost (EBIT)	218,945	256,391
EBIT	218,945	256,391
<i>add back Depreciation and Amortisation</i>	396	393
EBITDA	219,341	256,784
Revenue	229,264	265,155
EBITDA margin (%)	96%	97%

(1) See notes on slide 2 – Non-IFRS Measures

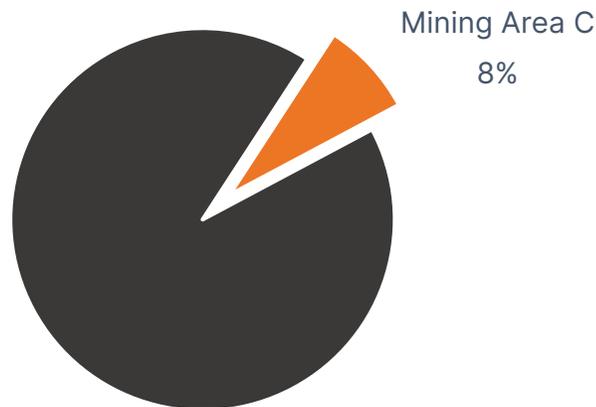
High quality asset – the Mining Area C Royalty



The South Flank expansion is BHP's newest and most technically advanced operation and will make Mining Area C the world's largest iron ore hub, producing some of the lowest cost and lowest carbon emitting iron ore in the world.

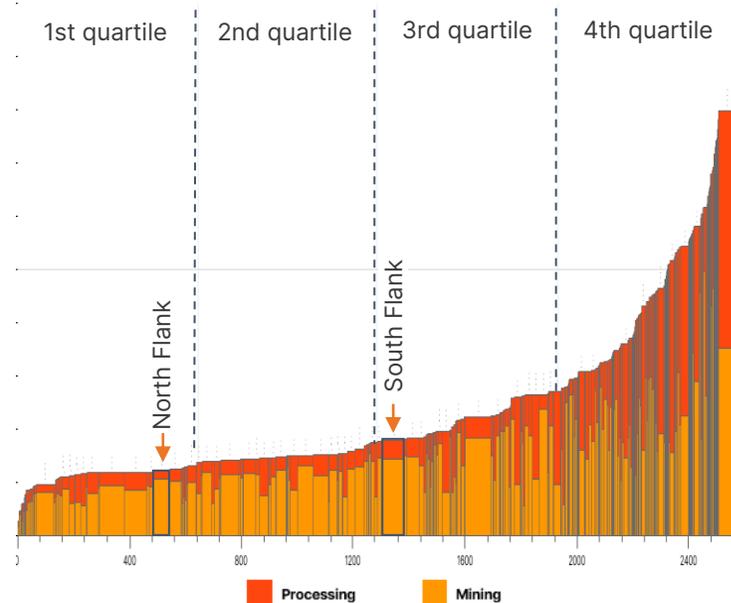
Large Scale

At full capacity Mining Area C will account for 8% of global seaborne iron ore supply (1,626MdmT in 2025)¹



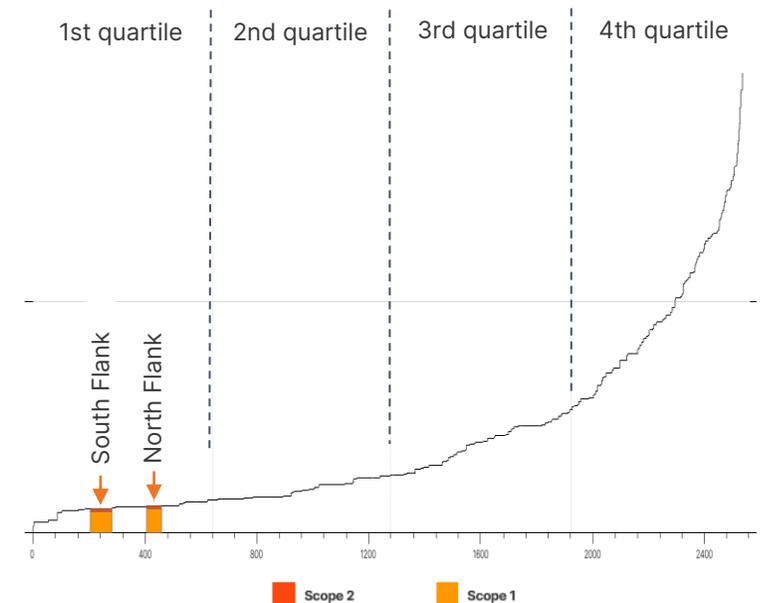
Low Costs

Iron ore FOB cash cost curve (2025F)²



Low Emissions

Iron ore GHG Intensity curve (2025F)³



(1) Source: AME Research. Iron Ore Strategic Study Q1 2023

(2) Source: AME Research. Total cash costs are defined as direct cash cost associated with mining and processing. Units are US\$/t

(3) Source: AME Research. GHG emissions intensity. Scope 1 plus Scope 2. Units are kg CO₂e/T

Performing strongly – the Mining Area C Royalty



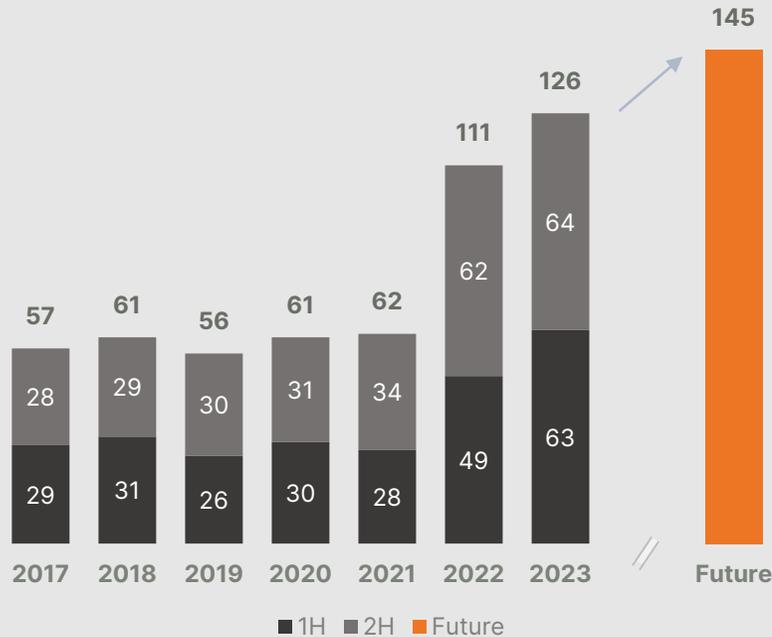
Low risk exposure to a long-life operation with near term growth and potential for further extension

Realising organic growth through South Flank expansion

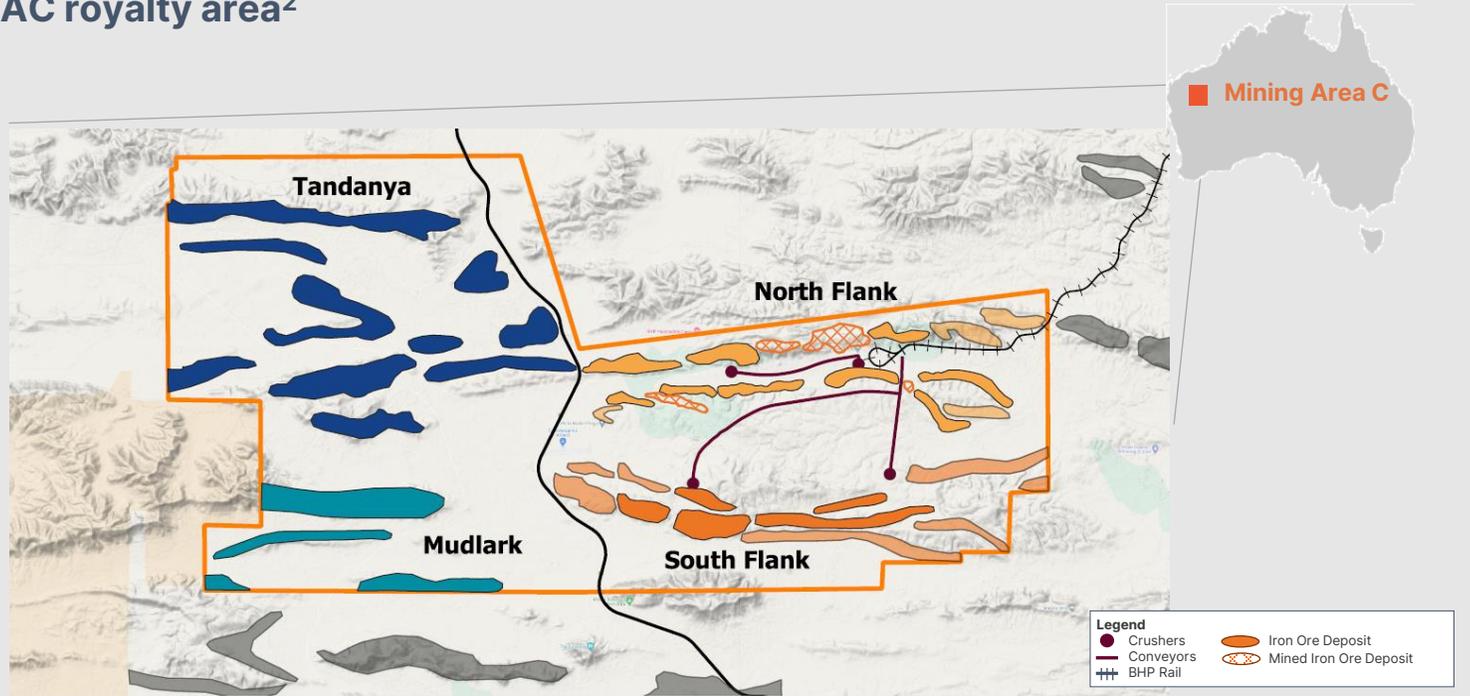
Further resource extension potential in a low-risk jurisdiction

Mining Area C (MAC) production

Financial years, Mwwmt¹



MAC royalty area²



(1) Source: BHP Operational Review for the year period 30 June 2023 and similar prior Operational Reviews, available at www.asx.com.au; BHP delivers first production from South Flank (20 May 2021), available at www.BHP.com.

(2) Location and mineralisation outline are for illustrative purposes only. Source: BHP public documents, Google Earth and Western Australian Department of Mines, Industry Regulation and Safety (DMIRS), with Deterra overlay of royalty area.