

# Demerger Details

During the period covered by the Annual Report (15 June 2020 to 30 June 2021), Deterra Royalties Limited (Deterra or Company) and its controlled entities (Deterra Royalties (MAC) Limited and Deterra Royalties Holdings Pty Ltd) (the Group) were demerged from their former parent company, Iluka Resources Limited (Iluka).

In describing the period covered by this Annual Report, the terms Pre-demerger Period and Post-demerger Period are used to denote the beneficial economic ownership of the assets and allocation of liabilities during these periods, rather than strict adherence to calendar dates. These terms are defined as follows:

- Pre-demerger Period – Represents the period where Iluka retained all beneficial economic interests and liabilities related to the royalty asset portfolio. This includes all royalty revenues through the quarter ended 30 September 2020, and all operating expenses (as agreed in the separation deed) prior to demerger of the Deterra entity on 2 November 2020.
- Post-demerger Period – Represents the period from which Deterra receives all beneficial economic interests and liabilities to the royalty asset portfolio. This includes all royalty revenues from quarter commencing 1 October 2020, and all operating expenses (as agreed in the separation deed) from the demerger of the Deterra entity on 2 November 2020.
- Financial Year 2021, FY21 or Period ended 30 June 2021 - being 15 June 2020 to 30 June 2021, which represents the period covered by this annual report.

During the period covered by the Annual Report (15 June 2020 to 30 June 2021), the financial position and performance of the Group was particularly affected by a series of transactions designed to transfer a portfolio of six existing royalty assets from Iluka to Deterra, and the subsequent demerger of Deterra as a separate entity listed on the Australian Securities Stock Exchange.

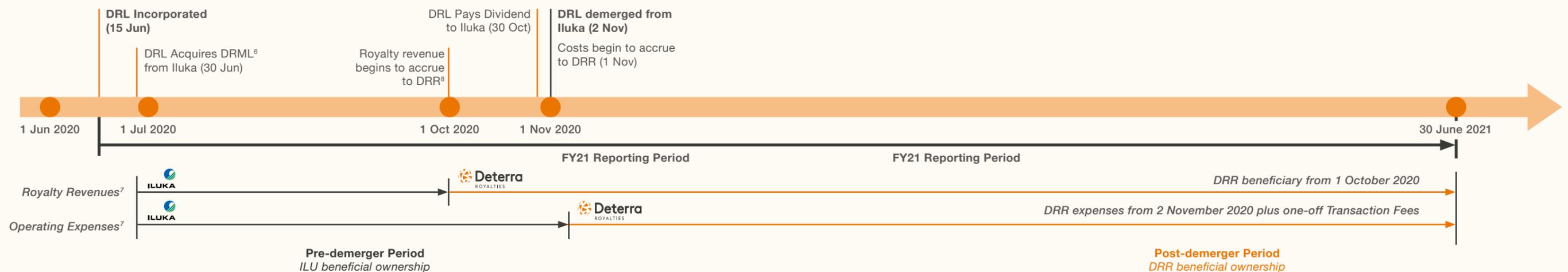
The transactions during the period covered by this Financial Report include:

- On 15 June 2020, a new company, Deterra Royalties Limited (DRL), was incorporated. For the period 15 June 2020 to 30 June 2020 the Company was dormant with no royalty assets or revenues attributable to the entity.
- On 24 June 2020, a new company, Deterra Royalties Holdings Pty Ltd (DRH), was incorporated as wholly owned subsidiary of Deterra. Deterra Royalties Holdings Pty Ltd holds the St Ives royalty asset.
- On 30 June 2020, Deterra acquired 100 per cent of the share capital of Deterra Royalties (MAC) Limited (DRML) from Iluka for a consideration of \$24,405,000 (See note 15 of the Financial Report). The purchase consideration included payment of the estimated royalty revenues for the quarter ended 30 June 2020 (net of expected tax liabilities) and the royalty portfolio. DRML holds a portfolio of five royalty assets.
- On 23 October 2020, Deterra and its controlled entities (Deterra Royalties (MAC) Limited and Deterra Royalties Holdings Pty Ltd) commenced trading on a deferred settlement basis on the Australian Securities Stock Exchange.
- On 30 October 2020, Deterra paid a final Pre-demerger Period dividend of \$20,393,000 to its 100 per cent shareholder, Iluka, in relation to earnings from royalties for the quarter ended 30 September 2020, plus a top-up payment for differences in the quarter ended 30 June 2020.
- On 1 November 2020 Deterra executed a share split by splitting its existing single share into 528,462,101 shares.
- On 2 November 2020 Deterra and its controlled entities (Deterra Royalties (MAC) Limited and Deterra Royalties Holdings Pty Ltd) demerged from Iluka and was listed on the Australian Securities Stock Exchange under the code DRR.

The outcome of the demerger process was to create Deterra, a listed entity on the ASX that owns a portfolio of six royalty assets, including entitlement to all royalty earnings for the Post-demerger Period, as illustrated in Figure 1.

Figure 1. Timeline of key demerger events

Deterra Royalties Limited (DRL) was successfully demerged from Iluka Resources on 2 November 2020



Notes:

- <sup>6</sup> Deterra Royalties (MAC) Limited, the entity which holds the MAC Royalty, the Doral royalty interests, the Sheffield royalty interest and the Cable Sands royalty interest.
- <sup>7</sup> Under the terms of the separation agreements, Iluka Resources was entitled to DRL earnings to 30 September 2020 and responsible for costs to 31 October 2020.
- <sup>8</sup> DRR is defined as shareholders of Deterra Royalties Limited (DRL) following the implementation of the demerger on 2 November 2020.