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Operator: Ladies and gentlemen, thank you for standing by and welcome to the Deterra Royalties half year results 2022 conference call. At this time all participants are in a listen only mode. There will be a presentation followed by a question-and-answer session, at which time if you wish to ask a question, you will need to press star/one on your telephone. I must advise you that this conference is being recorded today, 22 February 2022. I'd now like to hand the conference over to your first speaker today, CEO and MD of Deterra Royalties, Mr Julian Andrews. Thank you, please go ahead.

Julian Andrews: Thank you. Good morning and thank you all for joining us today for the release of Deterra's first half 2022 results. I have with me Brendan Ryan, our Chief Financial Officer and Matthew Schembri who leads our Investor Relations. We released a presentation pack with the results this morning. I don't propose going through on a page-by-page turn, but rather will give a short overview, stepping briefly through some of the key slides and then move to questions.

I'll begin by saying that I'm pleased with the performance of the business in the first half. We have a simple model and so in many ways it is a simple message. Operationally, the underlying assets are performing well. In particular, strong production and sales volumes from the Mining Area C operation is a standout feature of the half, with production up 45% and sales volumes slightly more on second half 2021.

This reflects a ramp up of volumes from the South Flank expansion, which BHP notes remains on track to deliver the full additional 80 million wet tonnes per year by mid-2024 and reached a peak run rate of 45 million wet tonnes per year during the half. These volumes have underpinned another strong half financially with revenues at $92.8 million.

We've also been active in pursuing growth opportunities. We continue to evaluate options to add royalty assets to the business and have increased our investment in that activity. In that regard, we announced this morning that we have refinanced our existing $40 million facility, increasing the credit limits to $350 million, which will provide us with additional flexibility to act on accretive opportunities.

The fact that we were able to do so on competitive terms and reduce the overall weighted average margin is a reflection of the strength of both the MAC royalty and the Deterra business model.

Third, we continue to prioritise shareholder returns and the Directors have declared an interim dividend of $0.1168 per share fully franked, which represents 100% of the net profit after tax for the period.

As I said, it's a simple business model. We have a cornerstone royalty over a world-class operation with a significant growth profile still ahead of it. A lean corporate structure that supports high margins and a capital management approach that supports providing our investors access to the cash we generate.

One other aspect of the business model that perhaps isn't as well appreciated is our performance through the commodity cycle. For example, there's been an increasing focus on cost inflation in the resources sector of late and I think it's worth making the point that our revenue royalty payments are driven by sales and so are not impacted by any changes in operating margins driven by cost inflation. In fact, to the extent they were reflected in pricing, we leverage to those factors as any increase will be reflected in our royalty receipts.

With that, I'll hand over to Brendan who will cover the financial results in a bit more detail.

Brendan Ryan: Thanks Julian and good morning everyone. My tasks are twofold. Firstly immediate is to take you through a fairly clean and simple set of results and secondly, to update you on our new credit facility and discuss the capital management framework.

If we first turn to slide 8 so I can address the financial highlights for the half-year period, as you can see, total Group revenue for the period was $92.8 million. This amount includes MAC royalty revenue of $92.7 million attributable to the 1.332% revenue base royalty only and circa $180,000 in revenues from our two smaller Western Australian mineral sand royalties. This $92.8 million revenue delivered a healthy $88.7 million in earnings for the period. This represents an EBITDA margin of 96% driven by the small and low overhead structure of the royalty business model.

Finally, this resulted in both record NPAT and dividends for the period of $61.7 million. Based on this result, the Board have declared a fully franked dividend of $0.118 and I remind you this represents 100% of NPAT and confirms our commitment to return surplus cash flow to our shareholders.

Moving quickly to slide 9, I'd like to discuss the performance of Mining Area C. Overall you can see from the yellow line on the chart the significant ramp up of the MAC asset by the South Flank expansion has now commenced. The ramp up over the past six months has resulted in record sales volumes of 45.8 million tonnes delivered by MAC in the December half year period, turning consecutive sales records in both the September quarter of 21 million tonnes and the December quarter of 24.8 million tonnes.

Based primarily on these record sales volumes, total MAC revenue for the half one also set a new record of $92.7 million. This was further aided by record iron ore prices in September, although as you can see, a material decrease in prices is seen in the December quarter.

On slide 10, we've tried to reflect a simplified illustration of the P&L. What this slide demonstrates is the lean cost structure and transparency of the cash flow distributed to shareholders. On the revenue side, as discussed earlier, we show two sources of cash that contributed to the $92.8 million. On the right-hand side, we show the distribution of the cash flows. Total costs for the half-year period were $4.3 million. Of this, $3.7 million relates to the normal ongoing operating expenses with a further $0.2 million for DNA.

We've also specifically called out in our accounts the $0.5 million in one-off BD costs. This reflected increased BD activity in the first half-year period. Net tax of $26.8 million, reflecting an effective tax rate of 29% and as per prior page, this resulted in a net profit after tax of $61.7 million.

Now turning to slide 11, the objective of this slide is to show how the capital management framework prioritises shareholder returns. As you'll see from the chart, the current $61.7 million dividend builds on the prior two period dividends of $60.9 million and $33.3 million, all of which represent a payout of 100% NPAT for the respective periods.

In our release we've tried to further clarify our capital management framework, being we will prioritise shareholder return whilst understanding the intent to invest in growth. In doing so, we will continue to return all surplus cash from royalties to shareholders, franked to the maximum extent possible. We will optimise use of debt for future acquisitions.

The intent is if the cash rates on the future new royalties will at least in part be utilised to decrease leverage. We expect that all new royalties will be able to contribute to a standalone value of accreted investments and will be capable of providing returns greater than their respective cost of capital.

We'll also maintain a target leverage within the range of 0% to 15% of enterprise value over time. This leverage ratio reflects the desire to maintain a strong balance sheet and protect the option to act flexibly when value-accretive opportunities arise.

On slide 12, we describe the new capital management framework with respect to funding of new acquisitions. You will see as part of today's release we have also announced the refinancing of the new $350 million bilateral credit facility. The new credit facility increases total credit limits from $40 million to $350 million, extends the existing maturity to three, four and five years, builds a relationship with Australian and international banking groups with strong resource financing credentials and demonstrates how competitive processes has allowed us to improve terms and conditions and pricing.

The net result for Deterra is that, in addition to increasing quantum, we have also increased our weighted average maturity profile, plus reduced our weighted average margin over prior facilities. We are very pleased with the outcome of the new increased credit facility. The excellent outcome reflects both the underlying quality and credit worthiness of the MAC asset, plus the lower-risk nature of the royalty cash flows.

The new facility will provide Deterra with increased flexibility to act on growth opportunities. The framework also aims to ensure that we do not cross-subsidise new growth opportunities with MAC revenues, ensuring that all new investments must be capable of providing returns greater than their own cost of capital. Hopefully you will recognise from this slide we have worked hard to deliver upon our commitments in terms of corporate structure. We continue to run a lean and simple team designed to maximise returns to shareholders.

In terms of capital structure, we maintain a conservative balance sheet with the new $350 million facility designed to increase options to act flexibly with value-accretive opportunities and in terms of shareholder return, declaring a final dividend of $0.1168 per share fully franked, we continue to deliver on a record of maximising the return of surplus cash paid to our shareholders.

With that, Julian, I'll pass it back to you.

Julian Andrews: Thank you, Brendan. Turning now to growth, I mentioned earlier that we have significant growth in the business already through the Mining Area C royalty. As I said, this is a world-class asset, that it's low cost and long life and has significant leverage to the more than doubling in production from FY21 levels that we anticipate by mid-2024

as South Flank continues to ramp up to full capacity. We provided a sense of that leverage in the pack on slide 16 where we've set out a very simple table showing how receipts might look under a range of sales volumes and price outcomes.

That being said, an important part of the business model is also looking to add other growth options to the portfolio and, as you'll recall, we were established with a broad growth mandate in terms of commodities. But as we've said many times, we see little value in focusing on commodities, such as precious metals that are highly contested and where we don't feel we have a strong source of competitive advantage and that very much remains the case.

As with any business, we're continuing to refine our focus on growth opportunities and our activity to date has been focused on the areas where we think we can really bring value to transactions, which is in the bulk base and batteries metal space.

The deal flow that we've seen over the half has been strong, particularly in secondary opportunities and we've seen and evaluated a number of opportunities in this period, although none were sufficiently compelling for us to act on and execute. We've seen substantial competition and full pricing for assets that had transacted, but to be clear, it remains very important for us to maintain our discipline and patience as we pursue these growth opportunities and stay focused on their potential for value-accretion.

Lastly, at our annual results last year, we outlined our ESG framework. We're continuing to implement that framework and have taken some important further steps in the half. We've been accepted as a signatory to the UN Global Compact, we've issued our first Modern Slavery Statement and we're well advanced on our commitment to net-zero operational greenhouse gas emissions by the end of the current financial year.

With that, I'll wrap up the introduction and be happy to move to questions. Thank you.

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. If you wish to ask a question, please press star/one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press the pound or hash key. Your first question comes from the line of Rahul Anand from Morgan Stanley. Please ask your question.

Rahul Anand: (Morgan Stanley, Analyst) Hi team, thanks for the opportunity. Look, two quick ones from me. You talked about having looked at opportunities during the period, are you able to talk to a few maybe not specifically related to transactions, but perhaps the

commodities? Then if you do look at slide 14, if you do apply the geographical preference that you have onto that pie chart of the non-precious focused listed companies, what sort of a reduction do you see in the available space that you can bid on? That's the first one. Let me come back with the second.

Julian Andrews: Sure, okay, thanks Rahul. In terms of your first question about the opportunities, look obviously we won't talk to specifics but we have, as I've mentioned, we have seen pretty strong deal flow in the secondaries market space, so we've seen a number of opportunities come to market, whether that's as part of a broader portfolio or individual assets. And in terms of the question around where we're seeing those commodities, there has been quite a bit of activity particularly in the base metal space. We've also seen some opportunities in bulks.

In terms of the geographic overlay on the pie chart, look I must admit it's not a clear answer I can give off the top of my head. But when we talk about our geographic preference, we are focused on jurisdictions that we think are more stable and more well-established, so that's Australia, that's North America, it's most of South America. And when we look at the - overlay that on both commodity production, those are major mining jurisdictions and I think that there are a significant number of opportunities that we see in those geographies.

Rahul Anand: (Morgan Stanley, Analyst) Sure. Perhaps if I follow up on that second question then a different way, you did acknowledge that a lot of the opportunities are fully valued and if we take a step back and look at the strategy, you have very bankable cash flows going forward from Mining Area C. Does that perhaps allow you or should you think about early-stage assets, exploration assets, because you have the ability to hold that royalty for a period of time before it starts generating the cash flow and perhaps you can find some better opportunities in that space?

I mean what is stopping you from looking at perhaps early-stage assets that are not under construction yet but perhaps have a proven study in place and are now going into the funding stage?

Julian Andrews: Yes, you're right, Rahul, we certainly do, we have very strong cash flows and that puts us in a position where we really can be very patient and disciplined about how we think about investment opportunities. That applies across the whole range of development stage. At the moment we are more focused on those producing or near

production opportunities because we see those as – they provide the cash flow that will support the business going forward over time.

To be fair, we have seen early-stage opportunities. I think the way that we think about the value they can deliver is perhaps a little bit different because they clearly have quite a different risk profile. But the other point to make about those as well is typically the earlier stage that you invest, the value is you're taking quite a risk at early stages, typically the quantum invested is perhaps a little bit lower.

Rahul Anand: (Morgan Stanley, Analyst) No, that's fair. Okay, that's my two, thank you very much.

Julian Andrews: Thanks Rahul.

Operator: Thank you for the questions. The next question comes from the line of Chen Jiang from Bank of America Merrill Lynch. Please ask your question.

Chen Jiang: (Bank of America Merrill Lynch, Analyst) Hi, good morning Julian, thanks for the opportunity. Just a follow up from Rahul's question. Just on the primary royalties with the secondary investment royalties, would you be able to provide more colour on the market? Like you're making focus on battery, metals and bulk, would you consider coal given you have just the mandate? That's first question.

And secondly, just in regards to your capital management program, so any cash flow from future projects, from the future royalty transactions, is your priority to repay debt or as funding for potential M&A or return back to shareholders? I have another one after that. Thank you.

Julian Andrews: Sure, thank you. I think, just to be clear, you asked a question about coal. I'll maybe just address that first. I think we've been fairly consistent in saying that we don't look at coal opportunities, they don't fit well with our ESG framework, so we don't look at coal.

The broader question about the primary versus secondary, they are quite different markets in terms of the competitive dynamics. So in the primary market, we would be looking to access a source of funds for a miner or a developer and so the competition is generally with other sources of capital, whether those are debt or equity. Clearly those other markets go through periods where they're more strong and less strong and we believe very strongly that royalties and streams have a place to have a place in funding stacks for

most projects, but clearly the competitive dynamics of the primary market are quite strong. Capital is clearly relatively freely available from other sources.

In terms of the question about capital management, I mean the intention is that cash flow can be used to manage our balance sheet and we've been, I think, quite explicit today about where we see that leverage range on the balance sheet. But I might ask Brendan to address that one in a little more detail.

Brendan Ryan: Thanks Julian. The intent of new assets is that cash flow from those new assets will go back towards decreasing leverage. We've set a framework where we've got targets around our leverage ratios, so depending where we are, so there is flexibility within that to adjust depending where we are. So if we're at the higher end of the leverage ratio, we'd obviously be trying to de-lever the balance sheet so that we can actually be ready to participate in the future. If we're at the lower end, we may keep some debt on the balance sheet as well.

So it depends, but the intent is to make sure that new acquisitions are value accretive in their own right and more than pay their cost of capital, let along the cost of debt in the new facility and that they can sort of help pay themselves back whilst still maintaining the MAC cash flows so they can be pushed back to shareholders as best possible.

Chen Jiang: (Bank of America Merrill Lynch, Analyst) [Unclear]

Julian Andrews: Perhaps, sorry, just to - yes, sorry, I might just add a little bit to - I'm not sure I fully addressed your question about the primary and secondary market. To be clear, we see those primary opportunities as a very important area for us over time.

We certainly are - we're spending a lot of time and effort laying the groundwork for those and pursuing some opportunities. We clearly have - we have seen some opportunities. It's just that the nature of the business model is different sectors will have different competitive forces at different times and so we're seeing a lot of secondary opportunities.

Primary market is perhaps not quite so active at the moment but that - those markets obviously evolve over time as well.

Chen Jiang: (Bank of America Merrill Lynch, Analyst) Thanks, Julian. So do you think primary market is more - I mean, primary royalties are more competitive than secondary royalties given most the primary are focussed on precious metals?

Julian Andrews: I think I wouldn't say that they're more competitive, it's just a different dynamics. Somewhat different players to an extent. Certainly in terms of the deals that we see written globally, many of those are in the precious space.

But certainly a part of our business model and our thinking about our strategy is that royalties and streams are potentially a very powerful form of funding outside of the precious space and we see a real opportunity in that.

To be clear, we think that sector has been under-served historically and we see a niche there for us to look to explore further an area that we think hasn't had the same level of service.

Brendan Ryan: To your point, primary royalties in precious metals are - they're more frequent at the moment. That's because 90% of the market is focussing on primary royalties int eh precious metals space so we do think there's opportunity there to help other companies in other commodities to use the royalty funding mechanism as well as part of their arsenal of credit financing to options.

Chen Jiang: (Bank of America Merrill Lynch, Analyst) Sure, thanks Brendan. Thanks, Julian. I'll pass it on. Thank you.

Julian Andrews: Thank you.

Operator: Thank you for the questions. Our next questions comes from the line of Robert Stein from CLSA. Please ask your question now.

Robert Stein: (CLSA, Analyst) [Unclear] team. Great results. Just a question on the acquisition strategies at this point in the cycle, noting the increased liquidity. Is the funding strategy inherently procyclical given current commodity prices are at their peak? So if you do go for a secondary royalty, you're paying premiums to acquire those.

Secondly, through funding primary royalties whilst you are getting in earlier in the life cycle of an asset, you're in effect crystalising high inflationary and escalatory cost drivers that are currently present in the jurisdictions that you're focussed on. Then the second question I have is around then a follow on question around liquidity.

Julian Andrews: Sure. Absolutely, we'll address the first one. So in terms of the - there's the facilities that was announced today, clearly we've increased the limits. We saw an opportunity to put those facilities in place and we're able to do so in a way that's not only reduced our weighted average margin but has actually pushed out the tenor as well.

Yes, I think that the - one of the themes that's very apparent to us and particularly when we talk about primary market opportunities is having liquidity is very important to the counterparties we're talking to. Having liquidity on our behalf.

Clearly the ability to be able to commit funds with a degree of certainty on relatively short timeframes is advantageous when we're having those conversations. To be clear, liquidity at this level is - it certainly lines up with our target investment parameters but it's also when we look outside of the precious metals focussed players, it is - we believe that this is something that's a potential differentiator for us relative to others in that space.

In terms of is it - is the strategy inherently pro-cyclical? I guess I'd just come back to the comments that I think we've made all the way through since the Company was established. That's around patience and discipline.

That you know, we are very conscious that the opportunities we look at will deliver value over the long-term. So we need to be very focussed on how they deliver value over the long-term and how pricing may evolve in the medium and longer term rather than be distracted by short-term movements in pricing.

That's very much reflected in our approach, which is to stay disciplined and not chase assets.

Brendan Ryan: I think we've also - between us, seen a few cycles as well and we're [always chasing] long life, low cost assets ideally because they work their way through the cycle better as well as the fact that more of the value is in the long-term nature of the asset rather than the shorter term from price [flare ups].

Robert Stein: (CLSA, Analyst) Thanks, mate. Thanks. Thanks for that clarification. I think it is reassuring to hear the patience and discipline aspects. So then, I guess the secondary question then is on the liquidity and increasing that. Are there any sort of covenants or restrictions around being able to access that liquidity if commodity prices roll against you?

Brendan Ryan: Ah, listen, we [unclear] - the covenants and Ts and Cs on the facility are probably commensurate with a facility of this size and nature. In saying that, they are not very restrictive and there's nothing to restrict us apart from normal ratio tests that we would have to meet.

So no, I don't believe there's anything that will limit us from participating, particularly with the growth profile of the Mining Area C from participating in - or using the facility. So even if the prices did drop.

Robert Stein: (CLSA, Analyst) So you can keep your powder dry, so to speak?

Brendan Ryan: Correct, yes.

Julian Andrews: Yes, absolutely.

Robert Stein: (CLSA, Analyst) Thank you.

Operator: Thank you for the questions. Next questions will come from the line of Matt Green from Credit Suisse. Please, ask your question.

Matt Green: (Credit Suisse, Analyst) Hi, good morning, Julian, Brendan and Matt. Perhaps just starting off with the growth seen here. Look, I appreciate you're seeing some transactions that are being fully valued but you've done the work on them internally, I'd imagine.

So - and just based on this work and the headline numbers that these opportunities have been transacted at, are you able to give us an indication of the range of IRRs that your peers are willing to pay in this market?

Julian Andrews: I think the range is exactly that. It's a range. It's very difficult to talk about IRRs without talking about specific opportunities. I think in terms of announced deals, I think that where you see even within those, potentially a bit of a range of implied IRRs.

But I think what is fair to say is that IRRs probably have been going down a bit over the past 12 or 18 months, particularly in the precious metals space. But look, when we - what - when we think about how we look at those opportunities, it is about value accretion. To the extent we see assets that we really like, we're prepared to put a lot of time and effort into evaluating them and looking to be competitive.

But we're not going to chase assets. We're not going to look to transact simply for the sake of it. We have growth in the profile through South Flank. We have strong cash flows and we don't need to invest for the sake of investing and we won't be doing that.

As Brendan said, I think we've all been through a few cycles. We know that there are going to be better times to invest and times that perhaps it's good to invest and we'll make sure that we're not only investing in the right opportunities but investing at the right times.

Matt Green: (Credit Suisse, Analyst) Okay, got it. Thanks. Then just on provisional pricing, you saw a bit of a negative PP in the December quarter. I'm sure you're getting more granular pricing information from BHP so how should we be thinking about PP adjustments going forward? Is there any sort of colour you can give us on that?

Are we simply looking at a spot price at the end of the quarter or is there some sort of forward looking pricing being baked into that? Any additional context you could give us, that'd be great.

Brendan Ryan: Yes, look, unfortunately we don't have absolute visibility into the nature of the BHP contract so it's difficult to give you a broad brush sort of method there. All I would say is, if you look at the last month of each quarter and the volatility in that last month relative to the prior quarter, that is - that will help guide as to - on a broad brush perspective where the adjustments will be.

I think in this period, we sort of saw the September quarter - last month of the September quarter was quite volatile and the last month of the December quarter was quite volatile. They've had to make adjustments there, which we've done the analysis over time that we'll get it all back but on any particular quarter or half, we may - or [unclear] quarter, we may be out by an amount which is picked up in the next quarter.

So I can't give you too much more than that because we don't have complete access to their books. You know, their contract book, unfortunately.

Matt Green: (Credit Suisse, Analyst) Yes. Yes, no, that's helpful, thanks. Then just lastly on the - on your credit facility. You've highlighted $2.5 million of minimum costs but are there any one-off refinancing or establishment costs that will come through this half?

Julian Andrews: Yes, so to be clear, that $2.4 million number we put out there includes annual amortisation of those up-front costs.

Matt Green: (Credit Suisse, Analyst) Okay, got it. Thanks a lot, gents.

Operator: Thank you for the questions. Next questions will come from the line of Lachlan Shaw from UBS. Please ask your question.

Lachlan Shaw: (UBS, Analyst) Yes, good morning, guys. Thank you for the briefing. So just a couple of questions from me. So firstly, just around the capital allocation framework and in respect of new royalty streams, vis-à-vie the credit, the new facility.

You've talked about new streams potentially paying their own way and then perhaps payout ratios on top of that back to shareholders. Do you have a sense of what those payout ratios or what you're thinking might accrue to shareholders from new royalty streams that do rely partly on debt financing?

Julian Andrews: Yes, so look, it's very difficult and I think that's why we've tried to give a bit more colour around our thinking on the framework because the end of the day, it depends very much on the profile of the new investment in terms of its cash flow generation, its amortisation schedule. Sort of where we are from a balance sheet perspective, within that 0% to 15% leverage range.

So look, it's very difficult to be definitive about that. So we're talking more about the way we will think about that. To be clear, as you say, the intention is that we will use cash flow to manage that leverage and if there is surplus cash flow, it's an important part of our philosophy that we should be returning surplus cash to shareholders.

Brendan Ryan: It's very much dependent on the size, the profile and the position of the Company and in terms of its balance sheet. Those three factors will impact how we think about [unclear] both what instruments we use to fund the new acquisition as well as how we get paid down over time or how we repair the balance sheet to make sure that it gets back to a position, that we are ready to act in the time of [unclear opportunity].

Lachlan Shaw: (UBS, Analyst) All right, thank you and then just second question from me. So just on Mining Area C. A couple of points here. So obviously COVID is starting to spread in the community in WA. Are you comfortable about preparedness around that?

Then secondly, just on timing of South Flank getting to full run rate. You've talked - well BHP are talking three year ramp up but I note December quarter, they were annualising at about 100 million tonnes a year. How should we be still thinking about timing of Mining Area C getting to that 145 million tonnes per annum run rate? Thank you.

Julian Andrews: Yes, so I mean obviously COVID's a topical issue for us here in WA at the moment as we're looking to opening up the borders next week. I think BHP has noted there's potentially some operational volatility to be expected in the next half as a result of COVID.

But you know, we're - clearly BHP is very focussed on managing that impact. We understand it's very well prepared and so I - that's something that I'm sure they'll manage effectively so we're not overly concerned about it.

Brendan Ryan: They have a track record of managing the smaller outbreaks that they've had so far very effectively across their Western Australian iron ore and the Yandi assets as well.

Julian Andrews: To be clear, to the extent that it's reflected in additional costs associated with the business, just to reiterate, we're not exposed to any increased costs as a result of that. Our exposure is obviously to production volumes and to price.

In terms of ramp up, as you say, I think very strong performances I noted up front over the last half. BHP is still guiding or talking to expectations around reaching full run rate by mid-2024. Look, we don't have any reason to believe otherwise. We - so we're - but we're certainly very pleased at the ramp up performance to date and confident that they'll get the [tokens that] they've stated publicly.

Brendan Ryan: Whether the [achievement] occurs in a straight line or parabolic is yet to be determined.

Lachlan Shaw: (UBS, Analyst) Great, thank you.

Operator: Thank you for the questions. Next questions comes from the line of Glyn Lawcock from Barrenjoey. Please, ask your question.

Glyn Lawcock: (Barrenjoey, Analyst) Good morning, Julian. Julian, I was wondering if you could just help elaborate a little bit on the internal process when a royalty opportunity comes in? Just the timeframe, you've got to look at it, how quick you have to act.

Because I'm a bit surprised if you've been looking at, I think you said 40 last financial year and you said you need to be able to act quickly yet you've only just put a debt facility in today so I'm a bit surprised.

But just trying to understand, I mean if you have to act quickly, I mean is this suggesting that you can only limit yourself to $350 million or not? I mean, just trying to understand how the process works and when they come in, how quick et cetera.

Then the consultancy spend, I mean, is that - I know it's only small but in the context of what you'd spend annually, it's large. Is that just a look at one royalty? Is that what you

could expect to spend on BD when you do a deep dive into one opportunity or is that a number of opportunities? Just trying to understand the whole process, thanks.

Julian Andrews: Yes, sure. Thanks, Glyn. Yes, in terms of the processes, as I said, I mentioned last year we'd looked at more than 40 and we continue to look at them. To be clear, many of those are opportunities we see and we can do pretty small amount of work at.

As I'm sure with any business like ours, we have an upfront screening process where when we see opportunities, we screen them against the criteria that we use for assessing our investment. So those parameters that we talk about pretty regularly around commodity and jurisdiction and size and the like.

Many of them can be ruled out pretty quickly so to be clear, there's a funnel that narrows pretty quickly. Then to the extent it depends then very much whether we're looking at primary or secondary opportunities.

But yes, there's a process where we go through and we do some initial work to - having cleared the screening process, some additional work to assess the opportunity and then if it's still prospective, clearly we'd take a deeper dive.

I think in terms of the facility that was announced today or the extension of the facility, it is about flexibility, I think is probably a better way of thinking about it rather than speed. Speed is important, I think particularly in that primary market but as much as anything, it's the liquidity that we're able to offer.

It's the being able to make firm commitments to counterparties in terms of our ability to fund. We are a small team, we want to be able to react immediately and I think having this funding capability in place is an important part of that.

In terms of the spend, look, that's - to be clear, that's not a single opportunity. That includes a number of opportunities that we've looked at and it also involves some additional work we've done on background work in terms of firming up views on particular sectors or putting things as opportunities as opposed to single opportunities.

Brendan Ryan: Depending on - I know you talk about the size, the sizing of the facility of $350 million, that all has - as high as we can go. If the answer is no, we go higher. The $350 million was put aside for our - we were replacing a $40 million gap facility plus we

wanted to - we had a target range or a sweet spot we'd talk about of $100 million to $300 million. So the $350 million seemed like a logical place to put it at.

We had excellent responses from the bank in a highly competitive process and we could have gone materially larger than that, should we have chosen to. I think in building these relationships with the banks as well, that helps hopefully in future and creates an opportunity to build on that as we go forward as well should we want to.

Glyn Lawcock: (Barrenjoey, Analyst) Okay, so can I just clarify a couple of things, then? So how long would you have from something coming in the door to when you need to act? Is it - are we talking, do you get days, weeks or months to review some of these opportunities? Like how quickly do you need to turn these things around?

Julian Andrews: Yes, look, obviously everyone's a little different and probably differences between primary and secondary opportunities but when we're looking at competitive processes, typically it's a question of weeks to a couple of months. Maybe three months for a full process but we'd certainly be looking to take a view internally on our appetite for the opportunity. It's a question of weeks.

Brendan Ryan: I'd say indicative is generally six to 12 weeks. The smaller the asset, you potentially go a bit quicker but the bigger the asset, the longer it goes.

Glyn Lawcock: (Barrenjoey, Analyst) Okay and I mean I know it's a hard question to finish on because it depends on what comes in the door but half a million dollars on BD, is that the - should that be the normal go forward or is it just - it's going to be too hard to quantify?

Brendan Ryan: It's going to be lumpy but it's - I think it's probably not a bad placeholder potentially a little bit more as we go depending on - it depends on the site. As we've talked about, not all processes are equal and you don't need the amount of - some of them we can manage more internally. Some of them we need more external resources.

The more complex they are and the larger they are the more diligence you'll do on certain technical parameters. That will dictate some of those things. So it's hard to say, [listen] I think [on a bad] run rate maybe - maybe a little bit more would be my guess.

Glyn Lawcock: (Barrenjoey, Analyst) Sorry, just getting the leverage down if you've bought something. You obviously have two methodologies, (1) use the cash coming in the

door or (2) equity. How do you think about the two of those to get the leverage back down if you did push it up towards the top end or through it?

Julian Andrews: Yes, look as you say those are both available to us. I think it probably depends on where we are at the time. I think there's a - if we've got strong cash flow generation then that's certainly available to us. But equity is always there as well, as an option. But look it's very difficult to pre-empt that decision I think. That really depends on a lot of factors at the time.

Brendan Ryan: [Unclear] the size of opportunity, profile of the opportunity and the situation of the existing balance sheet at the time will dictate where we go with that Glyn.

Glyn Lawcock: (Barrenjoey, Analyst) Okay, thanks very much.

Operator: Thank you for the questions. Once again if you would like to ask a question please press star one on your telephone and wait for your name to be announced. We have follow-up questions from the line of Chen Jiang of Bank of America Merrill Lynch. Please ask your question.

Chen Jiang: (Bank of America Merrill Lynch, Analyst) Hi, sorry just a follow-up on your growth. Is the cash flow from Southbank is 100% - I mean sorry from MAC - is it 100% secured for shareholder returns? That's my first question.

Secondly by looking at commodity prices for base metals, battery metals, are mostly at record high [and about] iron ore spot at US$139 per tonne which is well above most people's long term iron ore price forecast. A lot of [second royalty] deals would be fully valued.

Do you have any timeline or under pressure to grow given record high commodity prices for what you are targeting? Also what's the plan if you cannot find any deals in the next 12 to 24 month? Thank you.

Julian Andrews: Yes, perhaps to address the second question first. Look, we're not - we're obviously very active in looking at opportunities. But we're not under any pressure to invest. I think - as we've said - I think pretty consistently, we will be patient. We will be disciplined. We will be very much focused on value-accretion.

So we're certainly busy looking at those opportunities but we - as we've said already to [unclear] - we are conscious that they need to be value-accretive and that there are going to be times where it's better to invest. We won't be chasing any assets.

Brendan Ryan: I think your question around MAC cash flow is secure to 100% there's no - as in it's not like debts are not secured. But the capital management framework is designed to make sure that we are maximising our returns to shareholders which we intend on - the MAC cash flows are - have the ability to - sorry, people invested in Deterra work - a lot of them work for the MAC cash flows and we aim to try to return them as best as possible to shareholders through the cycle and that new acquisitions will be able to self-fund themselves. That's what the intent of that framework was. I think the other question was around if we did no deal in the next 12 to 24 months - Julian.

Julian Andrews: Yes, so look as I said we're actively looking at opportunities. We're not going to chase assets and invest simply for the sake of it. I'd rather be talking to [you and] investors about why we haven't done a lot of deals than talking to them about why we've done bad deals. So we'll stay patient and disciplined.

Brendan Ryan: Yes. Part of keeping a lean cost structure is to make sure that the impost of that - of retaining the head office or retaining a small corporate function - is not too expensive. We do try very hard to run a lean business model with no excess fat in the system.

Chen Jiang: (Bank of America Merrill Lynch, Analyst) Thank you Julian. Thanks Brendan.

Operator: Thank you for the questions. As a reminder, if you would like to ask a question please press star one on your telephone and wait for your name to be announced. Once again, if you would like to ask a question please press star one on your telephone and wait for your name to be announced.

There are no further questions at this time. If you did not get the opportunity today to ask a question or if you have any follow-up questions you may email them through to our investor relations team at investor.relations@deterraroyalties.com. I repeat, that's investor.relations@deterraroyalties.com. I would now like to hand the conference back to today's presenters. Please continue.

Julian Andrews: Thank you very much. Thank you everybody for your attendance this morning. We look forward to speaking with you again in the future. Thank you very much.

Operator: Ladies and gentlemen that does conclude our conference for today. Thank you for participating. You may all disconnect.

End of Transcript