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Operator: Hello and thank you for standing by. Welcome to Deterra Royalties Fiscal Year 2023 Results conference call. At this time all participants are in a listen only mode. After the speaker's presentation there will be a question and answer session. To ask a question during the session you will need to press ”*11” on your telephone. You will then hear an automated message advising your hand is raised. To withdraw your question, please press “*11”, again.

I would now like to hand the conference over to Julian Andrews, MD and CEO. You may begin.

Julian Andrews: Thank you. Good morning and welcome to Deterra Royalties' Full Year FY23 Results call. I am Julian Andrews, the MD and CEO of Deterra and I am joined today by Brendan Ryan, our Chief Financial Officer. I will begin with some introductory remarks touching on the highlights of the year and then Brendan will provide a review of our financial results. Following that I will provide some comments on our approach to growth and the outlook in that regard and then we will hand it back to the operator and open the line for questions.

It has been another year of strong performance for Deterra. Our assets continue to perform well. At BHP's Mining Area C, all MAC production volumes were up once again to a record level of 126 million wet metric tonnes as the South Flank expansion continues to ramp up to its stated full capacity of 145 million wet tonnes a year.

We also saw volume growth from our royalty over Doral's Yalyalup mine as it reached full capacity of approximately 100,000 tonnes a year of heavy mineral concentrate. Although it's not material in the context of MAC, it is another illustration of the option value of royalties and the ability to participate in extension or expansion of the mine at no additional cost.

Full year revenues were just over $229 million which, given the nature of the business model and the high margins it can support, it flows through to a net profit after tax of $152.5 million. Brendan will talk to these results in more detail shortly but I will note that although total revenues were down 14% on FY22, this was largely due to a reduced one-off capacity payment from Mining Area C, the South Flank purchase completion. The value of this expansion was once again evident as the growth in volumes largely offsets softer realised iron ore pricing which along with an increase in Mineral Sands royalty revenue resulted in a net 2% decline in revenue-based royalty revenues.

The Board has declared a final year dividend of $0.1685 per share fully franked bringing the total dividend paid and declared since listing, to over $400 million. We continue to build the platform for investment and growth. We are seeing an increase in opportunities and have continued to build the capacity and experience of our business development team. Also, today we have announced that we expanded one of our credit facilities by $150 million to bring our total available facilities to $500 million.

The year also saw us strengthen our Board with the addition of Jason Neal last November. Jason brings very deep experience both in mining and metals in North America and globally and we are very pleased to have him join the Company. With that, I will hand over to Brendan who will take you through the financial results in more detail.

Brendan Ryan: Thanks Julian. Good morning, everyone. My task is yet again another fairly easy one given the relatively clean and simple set of results. If we can first turn to slide number 5 so I can address the financial highlights for FY23. As you can see, total Group revenue for the period amounted to $229 million. This amount includes MAC royalty revenue of $215 million, the MAC capacity payment of $13 million, plus circa $1.1 million in revenue from our two smaller Western Australian mineral sands royalties.

This $229 million in revenue delivered a healthy $219 million in EBITDA for FY23. This represents an EBITDA margin of 96% and clearly demonstrates the low overhead structures of the royalty business model.

Finally, this resulted in both NPAT and dividends for FY23 of $152.5 million. Based on this result, the Board has declared a fully franked dividend of $0.1685 per share in combination with the interim dividend of $0.12 per share it equates to a full year dividend of $0.2885 per share fully franked.

Moving to slide 6, I would briefly like to discuss the performance of Mining Area C. Overall you can see from the yellow line on the chart the continued ramp up of BHP's $3.6 billion South Flank expansion. BHP has recently confirmed that South Flank's ramp up to full capacity remains on schedule with full run rate expected by the end of FY24.

Despite the improved operating performance across Mining Area C, including a 14% increase of sales volumes to 118 million tonnes, unfortunately this has been offset by an almost equal in opposite 15% decrease in year on year received price. The combined outcome of offsetting volume and price has resulted in royalty receipts being down 2% year on year to $215 million.

Again, in FY23 this royalty revenue was supplemented with a $13 million annual one-off capacity payment. As a reminder, the capacity payments are paid in increments of $1 million for every one million tonnes per annum increase in mine production. The capacity payment is calculated at 30 June and paid annually at the end of each financial year. This $13 million capacity payment for FY23 is down from the record $46 million reported in FY22. Whilst we anticipate ongoing capacity payments from South Flank as it continues to ramp up to full capacity, we naturally anticipate the size of these annual incremental payments to reduce.

On slide 7 I would like to briefly highlight the growth of the MAC asset over the past two decades. From this chart you can clearly see the original ramp up of the North Flank from 2004 with a more gradual capacity creep from 30 million to 59 million tonnes post 2008, plus the more recent and rapid ramp up of the 80 million tonne South Flank expansion commencing FY22.

At full name plate capacity of 145 million tonnes, MAC will represent the single largest iron ore hub in the world accounting for roughly 8% of global seaboard iron ore. Interestingly, MAC has increased output in 17 of the last 20 years paying out $113 million in capacity payments since 2004. Again, the capacity payment received in FY23 was $13 million and the capacity payment threshold has now also been rebased from 105 million tonnes to 118 million tonnes.

On slide 8 we have tried to reflect the simplified illustration of the P&L. What this slide demonstrates is the lean cost structure and transparency of the cashflow distributed to shareholders. On the revenue side, as discussed earlier, we show the three sources of cash that contributed to the $229 million, whilst on the right hand side of the chart we show the distribution of these cashflows.

Total costs for FY23 were $10.3 million. Of this, $8.5 million relates to the normal ongoing operating expenses reflecting the inflation resistant nature of the royalty business model versus producers. Plus, we also specifically called out in our accounts the $1.4 million in one-off BD project related costs. This reflects the changed markets and materially increased BD activity in FY23. The remainder of the $10.3 million in costs relates to the $0.4 million in D&A.

Deterra also incurred $1.2 million dollars in net financing costs associated with our existing $350 million in bilateral credit facilities. Tax expenses of $65.3 million reflect an effective

tax rate of close to 30%. This all results in net profit after tax of $152.5 million for the full year period.

Now turning to slide 9. As you will see from this chart, in H2 the Board declared a final dividend of $89.1 million, this builds on the H1 interim dividend of $63.4 million. Giving a full year dividend payout of $152.5 million, or $0.2885 per share, representing 100% of NPAT for full year '23.

In terms of our capital management, you will note that we continue to demonstrate discipline in terms of shareholder returns, although recognise the intent to invest in growth. We continue to return surplus cash to shareholders if not required for new investments or balance sheet management. We also note today's dividend represents a cumulative $400 million return to shareholders since demerger in FY21.

Secondly, we intend to optimise the use of debt. You will note that we have also announced today an increased in our credit limits from $350 million to $500 million. We achieved this by upsizing our existing full year bilateral credit facility, due in February '26, with no change to existing terms or margin.

The increased capacity specifically provides Deterra with increased liquidity as market demand for royalty funding improves. Plus increased flexibility in managing the existing $175 million coming due in February '25. We also reiterate our intent to maintain target leverage within a range of 0% to 15% of enterprise value. This leverage ratio reflects a desire to maintain a strong balance sheet and protect the option to act flexibly when value accretive opportunities arise.

Hopefully you will recognise from these slides we have worked hard to deliver upon our commitments of:one, operating a lean corporate structure; secondly, maintaining a conservative flexible balance sheet and lastly, maximising the return of available surplus cash flows. The simplicity and scalability of the Deterra business model is unique on the ASX. Our small team will continue to work hard to deliver maximum value to our shareholders.

With that, Julian, I will pass it back to you.

Julian Andrews: Thank you, Brendan. Turning to slide 11. As I noted in my introduction, our existing assets continue to provide organic volume growth. There is still some further growth to come in the short-term from South Flank as it continues to build to its nameplate capacity over the next year.

However as we have consistently said, we believe there is an opportunity to generate value by adding additional sources of earnings optionality and growth to the portfolio. We are well-placed to do this. We have a high quality foundational asset in the Mining Area C royalty. We have our level of liquidity that supports our ability to invest and differentiates us from our non-precious peers.

We have a focus on what we believe is the most competitive niche. Namely higher level investments outside of precious metals. As you can see from the diagram on the left side of this slide, in our estimation the precious metals space is well-served by a number of existing listed royalty companies and streamers. There are also a number of smaller players with a non-precious focus.

As a result, we see opportunity in the non-precious metals space at a larger scale, and that's what we are targeting. That being said, this is still a very competitive market, particularly within the presence of other capital providers and forms of capital.

There is no change in our focus. It remains on commodities other than precious metals where we believe we can compete effectively. In particular bulk metals, including iron ore and fertilisers, and base metals, such as copper, nickel and zinc. We are seeing more opportunities in the energy transition metals, like cobalt, lithium and rare earths.

Turning now to slide 12. At the half year I 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 has proved to be the case. Although no new investments were made in FY23, our pipeline is as active as it has ever been, with a number of opportunities under consideration at all stages of review.

As we show in this chart, the chart on this slide, the number of opportunities we have seen has doubled over the past year, with almost all of that growth coming in primary opportunities. You can also see from the pie charts on the right, the large majority of opportunities fall within our target investment parameters.

It's worth noting again at this point that we see discipline as a fundamental part of our investment decision-making. Our observation over the past couple of years have reinforced our belief in the importance of investing in the right opportunities at the right time. We believe that our patience and discipline will be rewarded as capital and resource markets move in a direction that is more conducive to royalty and streaming funding.

Our ability to act quickly on value accretive opportunities as they arise is key to our growth strategy. We continue to strengthen our capacity in that regard. Both in terms of access to

capital through the expansion of our debt facilities, and continuing investment in our Teams' capability to review and execute on these opportunities, which we expect to continue into FY24.

Brendan touched on our capital management framework earlier. But as we move into a more prospective period it's worth spending a little more time on it and see how it applies with respect to funding potential growth opportunities. Our framework, as with most companies, is built around balancing returns to shareholders with the need to invest in growth.

However as a provider of capital or investor in secondary royalties, liquidity is critical to the success of our business model. We need to be able to invest as we see good opportunities through the cycle, and particularly when other sources of capital are less available. Hence we have put in place credit facilities that provide us with that liquidity.

Today, as Brendan mentioned, we have announced we have increased these facilities to a total of $500 million on existing terms. We have found this liquidity to be an important differentiator for our business when talking to potential counterparties, particularly about primary royalties. They value our ability to be funds certain.

That being said, if we are to retain our ability to continue to invest, we need to recycle that liquidity. Debt can be very important to support investment, and we have anticipated we use from time to time, as Brendan touched on. But the model is not to leverage the business to any great degree for any meaningful length of time. We have a target leverage ratio of somewhere between 0% and 15% of enterprise value. At present, given we have not drawn on our facilities to fund investment to date, we remain net cash.

With respect to cash allocation, to date we have returned more than $400 million to shareholders. However this approach may evolve in the future as we move into a period of growth. In particular we highlight the discretion the Board has to adjust the payout ratio, and that if we are grow and minimise dilution to shareholders some retention of earnings may be required.

Moving now to slide 14. With respect to ESG, we have continued our development on a number of fronts. In terms of community involvement, earlier this year we announced that we had entered into a partnership with Earbus Foundation of WA to help provide important health care support to the communities of the Central Pilbara. This is a very worthwhile service and we are very proud to be associated with it.

We have also once again achieved a net-zero operational emissions footprint. As I noted earlier, we have strengthened our Board and committee membership through the addition of Jason Neal.

So in closing, it's a very straightforward set of results once again. As you would expect from a very simple and transparent business. The assets are performing well, generating volume growth and cash flow. We are very active in assessing opportunities to build growth at the capacity to execute on them. We believe we are entering into a prospective period and have invested in the capacity to execute on these opportunities as they arise.

Thank you, and with that we would be happy to take any questions.

Operator: Thank you. Ladies and gentlemen, as a reminder, to ask a question please press "*11" on your telephone and then wait to hear your name announced. To withdraw your question please press "*11" again. Please stand by while we compile the Q&A roster.

Our first question comes from the line of Robert Stein with CLSA. Your line is open.

Robert Stein: (CLSA, Analyst) Hi Julian, hi team. Just a couple of quick ones from me. So looking at the comment, the Board will exercise discretion. In previous sort of presentations that's been a footnote size 8 text, now it's sort of making its way into the main pack. Just want to get an understanding of how robust that process is to assess whether that royalty doesn't just get passed straight through to investors, given that that's a key attraction to investing in this stock. Then I've got a follow-up please, thank you.

Julian Andrews: Sure, thanks, Rob. So as you say, I think that discretion obviously is a consistent point. In terms of the process, as you'd expect it's obviously a very robust process that the Board goes through in terms of assessing the position of the Company, the balance sheet, and the outlook in the short-to-medium terms with respect to requirements for that cash.

Clearly over the period since listing we have been in a position where we were able to provide those funds back to shareholders as we weren't actively - we weren't using those funds for investments at the time. Effectively it's just as we move into a period of growth, it's just opportune I think to note once again that we will be making that - or the Board will be making that decision on the allocation of cash on its merits as appropriate each period.

Robert Stein: (CLSA, Analyst) Then, so a bit of a follow-up then just on growth. Look, we've sort of had the same conversation a couple of years running. Yes, I understand markets are volatile and you're looking for particular points of entry. In terms of how that

relates to the cycle, is it too soon to strive for distressed assets? Are we similarly, how do you sort of balance that with trying to justify what is quite a large corporate overhead considering it's a pretty simple business model? How do you balance that tension?

Julian Andrews: Yes, sure, I would note that we do have - we think it's a relatively lean business model. I think that we are in terms of the investment we have in the team, there are elements associated with the listing.

Clearly we have quite a focus on the growth opportunities as well. But in terms of sort of where we are in the cycle, I think it's pretty clear that for the first couple of years since listing it was a very lean environment in terms of opportunities. Debt was very cheap and equity was very abundant, so there wasn’t a lot of room or demand for other forms of financing such as streams and royalties.

But we have seen certainly over the past sort of nine months to 12 months a material increase in the level of interest in the funding that we can offer. We are prepared. We have been actively reviewing those, and we have been investing in our capacity to be able to review those opportunities and to execute on them as we see the appropriate opportunities.

Brendan Ryan: Yes, and Rob, I'd like to think that we are pretty frugal here at Deterra. We don’t sort of waste money. Particularly in the early years there weren't that many opportunities and we kept our overhead low, incredibly low. As the market has turned, particularly since last October where debt finally had a price. But debt being free and equity readily available.

We have ramped up our capacity internally to sort of, to match the market conditions. We think that we're probably at a more stable sort of point now. But yes, I understand your point about, we do actively manage our operating costs, and we try to match them very much to the opportunity set that’s out there.

Robert Stein: (CLSA, Analyst) Yes, sorry, I'm not - it's not really a comment on the sort of cost level of the business. But it's more so, I think about this as an alternative investment as a passive royalty stream. The alternative is you run it like an ETF and there's zero cost versus what is a cost that investors are bearing to grow and we're not seeing an outcome of that. So that was more so the point that I was trying to make.

Obviously we're entering a period in the cycle where potentially it might be finite. A small window that might present itself. But I'm just sort of wondering if we are unsuccessful

during that period, how long do we have to wait for the next period to emerge? How do you keep things ticking on in that process?

Julian Andrews: Yes, look, certainly we - your point is absolutely right. As we look at the cycle we see that we are moving into a period where we are seeing more and better quality opportunities. We are certainly focused on pursuing those. I think clearly we have talked I think right from the beginning about being patient and being disciplined. That's the case that we recognise that making the right investment is as much about making the right investment at the right time. We believe that we are facing into that now. So we have, we have invested in our capacity to execute on those as we see those coming.

Brendan Ryan: I think it's sort of people are looking for a proof of concept. I think one of the proof of concepts is we have delivered, we have not done a bad deal when the markets weren't there for us. We have been patient. It's fairly easy to do a bad deal, and we could probably do that one tomorrow if we wanted to. But we don't want to do that.

We actually - it's a lot harder to do a good deal, and we are very focused on sort of making sure that the opportunities that we see and the way that we assess them sort of create value for our shareholders. So you need to make sure that there is a good deal, a good asset with a good deal, at play to make sure that we can execute.

Robert Stein: (CLSA, Analyst) No problems, I'll pass it on. Thank you very much.

Julian Andrews: Thanks, Rob.

Operator: Thank you. Please stand by for our next question. Our next question comes from the line of Glyn Lawcock with Barrenjoey. Your line is open.

Glyn Lawcock: (Barrenjoey, Analyst) Good morning, Julian. Maybe you could just add a little bit more meat on the bone to the question before. Just can you give us any feedback on why you've missed out perhaps? Or have you not even gone to a final round bid and missed out? Just curious how far you've actually gone down the pipe and whether or not the vendor has actually given you feedback on why perhaps you've missed out, if you got that far?

Julian Andrews: Yes, certainly, Glyn. So we have looked at a lot of opportunities, and some of them clearly we have been able to pass on relatively quickly. But to be clear, we have taken a number of opportunities to quite an advanced level. I think - I am always cautious about talking about missing out.

I think that it's important, we have seen some good opportunities, but an important part of the opportunity is the price at which you are able to access them. So when we look back as we do, we do look back on opportunities that have completed in the market that obviously we weren't part of. There are a number where we have seen good opportunities, but we just haven't been able to support the level of value that perhaps other have to get a deal done.

I think there's a number of factors behind that. I think that we are in a slightly different position to some of our competitors in the sense that we have some good organic growth and we have some good cash flows. We are not in a position where we feel we need to invest for strategic reasons.

We remain focused on value. But we certainly learn. We are a new Company. We were listed three years - sorry, a little under three years ago. We have been active, and we have also been very active at learning from our experience as we go.

Brendan Ryan: Yes, no, look, I think, Glyn, our first sort of lens is quality and size. We need to make sure the assets we're looking at are quality and size. There's not a lot of great assets that come by in the size that we talk about. But when we see those we are active in those processes. That can be either a quality and size of individual asset, or maybe a portfolio.

We have been active in several processes through to sort of the latter round. The other - obviously the other one comes down to value. As I said, it's easier to do a bad deal than it is to do a good deal. We obviously sort of do a lot of work on where we see the value in terms of both the underlying value and the optionality of the asset. There's obviously difference in views potentially in some of these assets of what we think versus what some of our competitors think.

Glyn Lawcock: (Barrenjoey, Analyst) I appreciate that. I guess I was just curious to understand if you go through to the very end of the process on anything at all where you were maybe shortlisted down to the last couple or three and you'd missed out. Because I was just curious how far we're actually getting down the - through the pipeline or the path?

Julian Andrews: Yes, so to be clear, we certainly have. We have taken some process to, as I said, to pretty advanced stage. So as you'd expect, given the way the business is set up and the mandate that we have.

I think the other point I would make is, there are situations where we have seen deals close at prices that we weren't at frankly. But we have also seen a couple of examples where we have looked closely at assets and those processes haven't closed because there's been a bid-ask spread with the vendor I think, and the broader marketplace as well.

Glyn Lawcock: (Barrenjoey, Analyst) Okay.

Brendan Ryan: Generally speaking a large or better quality the better and more competitive we are because we have the financial sort of capacity to do some of the bigger deals and there's less competition. So we are generally sort of in the final - we are close to be in the final rounds of the best quality assets than we are in the smaller ones where there is a lot of smaller players who are actually actively sort of bidding for the sake of growth as opposed to the sake of value.

Glyn Lawcock: (Barrenjoey, Analyst) All right and look, I don't want to nitpick, but just on the increased cost of the increased facility, is that going to cost the shareholders more than the $2.5 million it cost us last year?

Brendan Ryan: Yes, it will. Money is not free. We have a highly competitive rate. I think the total increase in maximum, sorry, the minimum increase in costs will be $0.9 million of which there's some cash and non-cash costs in that in terms of the commitment fee and establishment fee, but annually it's about $0.9 million.

Glyn Lawcock: (Barrenjoey, Analyst) $0.9 million. Then just the 12% increase in operating expenses which included a 20% increase in employee benefits and that's excluding your BD spend. It was 8.5% in 2022. With your comments in the presentation that you're staffing up your team, where does that now sit for 2024?

Julian Andrews: So, as we spoke to, we have invested more in the team and particularly in the business development side of the business in improving our sort of technical capacity to improve deals and also our ability to execute and we would expect to see some further investment over the course of next year as well.

Brendan Ryan: Yes, we run a very lean team Glyn, a handful of people. What we are trying to balance out is, you know, we do have small fixed costs and larger variable costs, what we are trying to balance is the optimal mix between that fixed and variable because the external costs can be quite expensive. We use them when they're appropriate but we need to get the right balance so that we're optimising that cost spend.

Glyn Lawcock: (Barrenjoey, Analyst) Yes, but the BD was external and in addition to the 8.5%...

Brendan Ryan: Correct.

Glyn Lawcock: (Barrenjoey, Analyst) …so does the 8.5% gap up another, what, 10% plus again in 2024?

Julian Andrews: Look, I'm hopeful it does but certainly I think that we would, as I said, we would expect to increase our investment in the team. As you said, that business development cost is for variable costs and is driven by activity, so as we get busier, we would expect to incur more of that variable cost as well.

Brendan Ryan: Slide 12 highlights the increase in activity that we're seeing and the fact that activity has increased by, you know, it's doubled but we have actually only increased our costs by a little bit, it's testament to the type of model we are trying to run.

Glyn Lawcock: (Barrenjoey, Analyst) Yes. Hey, look Julian, just if I could just steal one more question in. I know you have avoided coal in the past but I mean I think it's becoming more and more I guess accepted that coal is needed for the energy transition, particularly met coal and the steel making for a number of years and maybe even thermal, you know, good quality, but they're finding it harder to get funding now. Is that something you are reconsidering as a Company or still coal very much off the table?

Julian Andrews: No. Plain and simply coal is still off the table for us. I think in terms of our ESG and investment guidelines we certainly are not looking to target coal investments and we don't, you know, but we don't make a distinction between met and thermal coal in that regard. So, no, we are certainly not looking to target coal.

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

Operator: Thank you

[Pause]

Operator: I am showing no further questions in the queue. I would not like to turn the call back to Julian for closing remarks.

Julian Andrews: Great. Well, thank you. Thank you very much for joining us this morning and we look forward to your continued interest in the Company. Thank you.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.

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