

31/10/2024

ASX: DRR

SEPTEMBER QUARTER PORTFOLIO UPDATE

Deterra Royalties Limited (ASX: DRR) (**Deterra** or **Company**) is pleased to provide a portfolio update for the quarter ended 30 September 2024.

1. HIGHLIGHTS

- Completed acquisition of Trident Royalties plc (Trident):
 - Acquisition in line with investment strategy, delivering diversification and optionality.
 - 22 royalty and offtake assets covering lithium, gold, copper, silver, iron ore and mineral sands across 11 countries added to the portfolio.
- Portfolio revenue of \$53.1 million for the September 2024 quarter¹, down 9.2% from the prior quarter including:
 - Mining Area C (MAC) iron ore revenue royalties of \$50.7 million:
 - Down 12.7% on prior quarter on lower volumes and realised pricing.
 - Gold offtakes net realised margin² of \$1.9 million attributable to Deterra¹.
 - Other royalties of \$0.5 million¹.
- Gold offtake contracts performing strongly on record gold pricing:
 - Net realised margin of \$5.7 million for the full quarter on a pro-forma basis³.
- Subsequent to the quarter, significant progress on the Thacker Pass Lithium Project in Nevada, USA with its owner, Lithium Americas Corporation, announcing:
 - A US\$625 million investment agreement with General Motors Holdings LLC to fund, develop, construct and operate Thacker Pass; and
 - Closing of the US\$2.26 billion loan from the U.S. Department of Energy.

Julian Andrews, Managing Director and Chief Executive Officer of Deterra commented:

“It is pleasing to report another quarter of strong revenue for the Company. The Mining Area C royalty continues to deliver consistent cash flow. As previously reported, the South Flank expansion is now complete and at nameplate capacity we expect the MAC royalty to be the foundation of our portfolio for some time to come and continue to deliver value for our shareholders.”

¹ Deterra attributable contribution, i.e. for the period 2 September to 30 September 2024. Deterra will consolidate Trident’s financial results from 2 September 2024.

² Net realised margin defined as sale price less cost of sales.

³ Pro-forma basis includes Trident portfolio revenue for the full quarter 1 July to 30 September 2024.

“Integration of the Trident assets into the business is well advanced and it is also pleasing to see the gold offtake contracts generating meaningful revenues on record gold pricing. In the four-week period since completion of the deal, these offtakes contributed \$1.9 million in realised margins.”

“Subsequent to the reporting period, we have also seen material progress at Thacker Pass, with Lithium Americas Corporation announcing the closing of the US Department of Energy US\$2.26 billion loan, and a US\$625 million joint venture agreement with General Motors to fund, develop, construct and operate the project. Taken together, these announcements substantially de-risk the project, and capex for Phase 1 is now largely secured.”

“Royalties over multi-billion-dollar development projects in Tier 1 jurisdictions are rare. In Thacker Pass we saw a countercyclical opportunity to invest in an asset that shows the hallmarks of a MAC-like asset 25 years ago. The support of General Motors and the U.S. Department of Energy are strong endorsements of our investment case and highlight the strategic importance of Thacker Pass to meet growing domestic requirements for lithium in the U.S..”

2. DETERRA ROYALTY REVENUE

	Jun-24	Sep-24 ^a	QoQ (%)	YTD	Sep-24 (Pro-forma) ^b
AUD million (unaudited)					
Mining Area C					
Royalty revenue ⁴	58.1	50.7	-12.7%	50.7	50.7
Capacity payments	0	0	-	0.0	0
Gold offtake portfolio^{5 6}	-	1.9 ^a	-	1.9	5.7 ^b
Other royalties	0.4	0.5 ^a	16.5%	0.5	0.7 ^b
Total	58.5	53.1 ^a	-9.2%	53.1	57.0 ^b

Notes:

^a Includes revenue from assets acquired as part of the Trident portfolio from 2 September 2024 only. Deterra will consolidate Trident’s financial results from 2 September 2024.

^b Includes Trident portfolio revenue for full quarter, i.e. 1 July to 30 September 2024.

⁴ Iron ore sales typically reflect average iron ore index prices for the month of shipping, with adjustments for ore quality. Deterra’s royalty receipts are based on sales invoiced during the period which may reflect, in part, provisional pricing. Accordingly, quarterly revenues can be impacted by the timing of adjustments to align achieved pricing to provisional pricing from the prior quarter.

⁵ Net realised margin.

⁶ USD revenue converted at AUD:USD 0.6787 for 2/9/2024 to 30/9/2024 and AUD:USD 0.6696 for September Quarter.

3. PORTFOLIO UPDATE

3.1 Mining Area C Iron Ore Mine

MAC achieved production for the September 2024 quarter of 33.9 million wet metric tonnes (Mwmt) (100 per cent basis), a decrease of 0.9% per cent compared to the prior quarter. Sales were down on the prior quarter (1.9%), as was realised iron ore pricing (11.6%).

As previously reported, the South Flank expansion completed ramp up to full production capacity of 80mwmt per annum (100 per cent basis) on a run-rate basis in the last quarter of FY24.

	Jun-24	Sep-24	QoQ (%)	YTD
BHP Reported MAC production (100% basis) (million wet metric tonnes) ⁷	34.2	33.9	-0.9%	33.9
MAC sales (Mdmt) ⁸	32.1	31.5	-1.9%	31.5
Implied average revenue per tonne (AUD)	147	130	-11.6%	130

The company receives an ongoing royalty of 1.232% of Australian dollar denominated quarterly FOB revenue from the MAC royalty area. Additional one-off capacity payments of A\$1 million per one million dry metric tonne (Mdmt) increase in annual mine production are determined for the period ending 30 June. The current demonstrated annual capacity level is 118Mdmt.

3.2 Thacker Pass Lithium Project

The Thacker Pass Lithium Project located in Nevada, USA continues to progress towards a final investment decision and notice to proceed to construction by the end of the year⁹.

In October, the project operator Lithium Americas Corporation (“LAC”), made two announcements that have substantially de-risked project financing for Phase 1 of the project:

- The closing of a US\$2.26 billion loan from the U.S. Department of Energy’s (“DoE”) Loan Programs Office under the Advanced Technology Vehicles Manufacturing Loan Program.⁹
 - The DoE Loan will help finance the construction of Thacker Pass, targeted to produce an initial 40,000 tonnes per year of battery-quality lithium carbonate (“Phase 1”).
- An investment agreement with General Motors Holdings LLC to establish a joint venture for the purpose of funding, developing, constructing and operating Thacker Pass¹⁰.
 - General Motors will acquire a 38 per cent asset-level ownership stake in Thacker Pass for US\$625 million in total cash and letters of credit.

⁷ Source: BHP Operational Review for the quarter ended 30 September 2024 and similar prior Operational Reviews.

⁸ MAC sales volumes are reported on a dry basis and will vary from BHP reported production due to product moisture factors and the timing of sales and inventory movements in any reporting period.

⁹ Source: Lithium Americas Corporation announcement dated 28 October 2024.

¹⁰ Source: Lithium Americas Corporation announcement dated 16 October 2024.

- LAC is targeting to make the final investment decision and issue full notice to proceed by the end of the year.

Deterra holds a 4.8% gross revenue royalty over Thacker Pass (net 1.05% gross revenue royalty, after expected exercise of a partial royalty buyback, which would see US\$13.2 million paid to Deterra).

3.3 Gold Offtakes

Net realised margin for the quarter was US\$3.8 million (A\$5.7 million) on 83.8 thousand ounces (koz) of delivered gold, noting Deterra’s attributable share (i.e. from 2 September 2024) was \$1.9 million and 27.2koz respectively.

- Delivered ounces were up 31 per cent on the prior quarter as deliveries from Equinox Gold Corp’s Greenstone mine were received for the full quarter following first pour in May and delivery in June¹¹. This was partly offset by the cessation of operations at Victoria Gold Corporation’s Eagle Gold mine following a heap leach pad failure¹².
 - In August 2024, PricewaterhouseCoopers Inc. were appointed as receiver and manager of all the assets, undertakings and property of Victoria Gold including Eagle gold mine.¹²
- Average realised margin per ounce was up 28% on higher gold pricing and volatility.

AUD million (unaudited)	Jun-24	Sep-24 (Pro-forma) ^a	QoQ (%)	Sep-24 (Deterra share) ^b
Total realised margin	3.4	5.7 ^a	64.0%	1.9 ^b
Ounces delivered (koz)	64.2	83.8 ^a	30.5%	27.2 ^b
Avg USD realised price per ounce	2,346	2,466 ^a	5.1%	2,552 ^b
Realised margin per ounce (USD)	35.3	45.2 ^a	28.0%	48.4 ^b

Notes:

^a Includes Trident portfolio revenue for full quarter, i.e. July 1 to September 30 2024.

^b Includes revenue from assets acquired as part of the Trident portfolio from 2 September 2024 only.

¹¹ Deterra holds a gold offtake for 100% of gold production at Greenstone, capped at 58,500ozpa until 2027

¹² Refer relevant announcements at <https://vgcx.com/>.

Deterra holds a portfolio of gold offtake contracts with six operators covering 10 mines. Under these contracts Deterra receives delivery of gold ounces with pricing set based on a minimum index price during a 6 to 8 day pricing period (terms vary by individual contract). By selling these ounces during the pricing period Deterra realises a margin over the minimum price paid whilst protecting against loss. Realised margins are driven by gold price, volatility and volumes delivered, as well as timing of sale.

3.4 Other Portfolio Asset Updates:

- **Paradox** - in September ASX-listed Anson Resources Ltd (ASX:ASN) (Anson) received a non-binding Letter of Interest from the US EXIM Bank for up to US\$330 million in long-term debt financing for the construction of a lithium production plant at the Paradox Basin in Utah, USA¹³; and confirmation from State of Utah for the Green River Water (Brine) Extraction Right¹⁴.

Deterra holds a 2.5% net smelter return royalty over all projects owned by Anson in the Paradox Basin.

- **Dandoko Gold Royalty** - In September TSX listed B2Gold Corp. announced that it agreed terms with the State of Mali in connection with the ongoing operation and governance of the Fekola Complex, including the development of both the underground project at the Fekola Mine (owned 80% by B2Gold and 20% by the State of Mali) and Fekola Regional¹⁵.

Deterra holds a 1.0% net smelter return royalty over Dandoko.

This document was approved and authorised for release by Deterra's Managing Director.

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¹³ Source: Anson Resources Limited announcement dated 24 September 2024.

¹⁴ Source: Anson Resources Limited announcement dated 13 September 2024.

¹⁵ Source: B2Gold Corp. announcement dated 11 September 2024.

ABOUT DETERRA

Deterra is an ASX-listed diversified royalty company with a strategy to deliver sustainable shareholder value through a balance of value-accretive investment and shareholder returns.

Based in Perth, Western Australia, Deterra owns 28 royalties and offtake agreements across 11 countries and six commodities – including two flagship royalties over:

- i) the Mining Area C (MAC) iron ore mine in the Pilbara, Western Australia. MAC is the world's largest iron ore hub¹⁶, operated by BHP, the world's largest mining company¹⁷. At full capacity, Mining Area C accounts for 9% of global seaborne iron ore supply (1,606Mdmmt in 2025)¹⁸ and has a multi-decade asset life¹⁹.
- ii) The Thacker Pass lithium project in Nevada, USA, an advanced stage development project over what is currently the largest known Measured and Indicated lithium resource in North America. The project is targeting total production capacity of 80,000 tonnes per annum (tpa) of battery-quality lithium carbonate to be developed in two phases of 40,000 tpa, respectively (Phase 1 and Phase 2). Phase 1 production is anticipated to commence in 2027. Initial construction commenced in early 2023 with LAC currently focused on advancing detailed engineering, procurement and execution planning ahead of making FID, expected by the end of the year. Thacker Pass production could support lithium needs for up to 800,000 EVs annually²⁰.

Deterra's assets cover bulk, base, battery and precious metals at various stages of the mine lifecycle, including 15 paying royalties and offtakes.

¹⁶ BHP Western Australia Iron Ore site tour presentation: South Flank, ASX 4 October 2022.

¹⁷ By market capitalisation.

¹⁸ AME Research, Iron Ore Strategic Study Q4 2023.

¹⁹ BHP marks official opening of South Flank – BHP media release 4 October 2022.

²⁰ Source: Lithium Americas Corporation announcement dated 28 October 2024.