

Deterra Royalties AGM 2023

Company/ASX Code	Deterra Royalties Limited /DRR
AGM time and date	2.00 PM AWST Tuesday, 31 October 2023
Location	Level 1, 140 St Georges Terrace, Perth WA
Registry	Computershare
Type of meeting	Hybrid
Monitor	Geoff Read

Monitor Shareholding: The company monitor has a beneficial interest in a shareholding in Deterra.

1. How we intend to vote

No.	Resolution description	
1	Adoption of remuneration Report	For
2	Election of a director, Jason Neal	For
3	Grant of securities to the CEO/Managing Director Julian Andrews.	For

2. Summary of Issues and Voting Intentions for AGM/EGM

DRR has a small head office. It is a well run and well governed company. The results for 2023 were a little lower than the prior year due to lower iron ore prices and a reduced capacity payment from BHP.

The operating costs are small and 100% of net profit after tax (NPAT) is paid out as a fully franked dividend. The company has no debt.

The company is substantially compliant with ASA guidelines. The board is diverse and directors standing for election are not overloaded and have adequate skin in the game.

3. Consideration of accounts and reports - No vote required.

This was Deterra's third year of operation (second full year) and NPAT was \$152M, prior year \$178.5M. Operating costs were only \$10.3 M, prior year \$8.4M. Earnings per share were 28.85cps and dividends paid totalled 28.85cps. Royalty revenue from MAC reduced due to a smaller capacity payment from BHP as well as reduced global iron ore prices. Countering this BHP produced and sold an increased volume of iron ore.

A new non-executive director, Jason Neal, was appointed in November 2022.

Financial performance

(As at FYE)	2023	2022	2021 Part year
NPAT (\$m)	152	178.5	94.3
UPAT (\$m)	152	178.5	94.3
Share price (\$)	4.60	4.24	4.5
Dividend (cents)	28.85	33.76	17.8
Simple TSR (%)	13.7	0.15	19
EPS (cents)	28.85	33.77	17.8
CEO total remuneration, actual (\$m)	1.537	1.087	0.621

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

Iluka (ILU) is the founder of Deterra and has retained a 20% stake in the company. ILU has nominated one director.

There are five directors plus the CEO. There is adequate diversity and a good range of skills on the board.

A new CFO, Jason Clifton, has been selected and will commence on 4 December 2023. The previous CFO Brendan Ryan will move to a corporate development role.

4. Rationale for Voting Intentions

Resolution 1 - Adopt the Remuneration Report.

The report is clear and concise. The structure of the remuneration and the amounts paid are reasonable for a company of this size. The remuneration plan has a corporate scorecard. This year the CEO achieved 70%. The bulk of his incentive payment is by means of share rights which are measured and awarded in the LTI plan. It is proposed to offer the CEO a pay rise in the 23/24 year. This will be his first pay increase since the company began. We have one question to ask the company about a special grant of share rights which was made to the CFO Brendan Ryan. This was for 32,131 share rights titled Management Alignment rights. It appears there were no performance conditions attached only a continued service condition.

Resolution 2 - Election of a Director Jason Neal.

Mr Neal was appointed by the board to fill a vacancy in November 2022. His background is in investment banking for the mining sector with particular emphasis on Canada. He is appropriately qualified and he is an independent director. He has commenced building a shareholding in the company. He has 3 years to meet the minimum shareholding requirement for directors.

Resolution 3 - Grant of securities to the CEO and Managing Director Julian Andrews.

The remuneration plan is reasonably structured with a bias towards the long term. The proposal is to award the CEO a maximum number of 196,898 LTI rights. This was calculated by dividing his maximum possible award by the VWAP of DRR shares in July 2023. There is also the possibility of awarding STI rights but the quantity cannot be determined at this time.

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Appendix 1

Remuneration framework detail

CEO rem. Framework for FY2023/24	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	0.900	59%	0.900	42%
STI - Cash	0.060	4%	0.120	5%
STI - Equity	0.120	8%	0.240	11%
LTI	0.450	29%	0.900	42%
Total	1.530	100.0%	2.160	100%