

20 May 2021

ASX: DRR

BHP ANNOUNCES FIRST PRODUCTION AT SOUTH FLANK

Deterra Royalties Limited (ASX: DRR) (**Deterra** or **Company**) is pleased to note BHP's (ASX: BHP) media announcement today that it has achieved first ore production at the South Flank mine.

South Flank is an 80 million tonne per annum (Mtpa) sustaining mine that, together with the existing Mining Area C (**MAC**), will form the largest operating iron ore hub in the world with a nameplate capacity to produce 145 Mtpa of iron ore¹.

More than doubling total production at MAC in the coming years, this expansion is expected to deliver significant benefit to Deterra through its ongoing royalty of 1.232% of Australian dollar denominated quarterly FOB revenue from product from the MAC royalty area. Deterra will also benefit from one-off capacity payments of A\$1 million per one million dry metric tonne increase in annual mine production².

Deterra's Managing Director, Julian Andrews, said: "*We congratulate BHP and its partners for delivering this significant project on schedule and on budget.*"

"This milestone signals a period of significant growth in production from the MAC royalty area. Deterra shareholders will participate in that growth through the Company's revenue royalty as well as additional capacity payments as production ramps up in the coming years."

"This exposure to the volume growth from the US\$3.6 billion South Flank mine has been achieved with no capital contribution from Deterra and is an excellent example of the power of a royalty investment."

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

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¹ BHP media article – 20 May 2021 (<https://www.bhp.com/media-and-insights/news-releases/2021/05/bhp-delivers-first-production-from-south-flank/>). Figures are quoted in wet metric tonnes (wmt) and include moisture content of the ore.

² The MAC royalty capacity payments are based on dry metric tonnes (dmt), consistent with typical iron ore price index quotation and are determined based on actual production for the 12-month period ending each 30 June. The current demonstrated annual capacity level is set at 57 million dmt.