

Board charter

Ivanhoe Australia Limited ACN 107 689 878 (**Company**)

MinterEllison

L A W Y E R S

Board charter

1. Introduction

- 1.1 Ivanhoe Australia Limited (**Company**) is a listed public company.
- 1.2 The board is responsible for the corporate governance of the Company and its controlled entities (**Group**).
- 1.3 The purpose of this charter is to:
 - (a) promote high standards of corporate governance;
 - (b) clarify the role and responsibilities of the board; and
 - (c) enable the board to provide strategic guidance for the Group and effective management oversight.
- 1.4 This charter is supported by the Group's corporate code of conduct, code of conduct for directors and senior executives, and the charters for the Nomination, Governance and Remuneration Committee and Audit and Finance Committee.
- 1.5 The Nomination, Governance and Remuneration Committee is responsible for recommending candidates for appointment to the board.

2. Board size, composition and independence

- 2.1 There must be a minimum of 3 directors and may only be a maximum of 12 directors.
- 2.2 The board must comprise:
 - (a) a number of independent non-executive directors that is not less than one fifth of the total number of directors at any given time;
 - (b) directors with an appropriate range of skills, experience and expertise;
 - (c) directors who can understand and competently deal with current and emerging business issues; and
 - (d) directors who can effectively review and challenge the performance of management and exercise independent judgment.
- 2.3 An independent non-executive director is one who:
 - (a) is independent of management;
 - (b) free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment; and
 - (c) otherwise meets the criteria for independence set out in the *Corporate Governance Principles and Recommendations* published by the ASX Corporate Governance Council.

- 2.4 Each director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director clearly understands the Company's expectations of him or her.

3. The board's role and responsibilities

- 3.1 The board acts in the best interests of the Company as a whole and is accountable to its shareholders for the overall direction, management and corporate governance of the Company and the Group.

- 3.2 The board is responsible for:

- (a) overseeing the Group, including its control and accountability systems;
- (b) appointing and removing the chief executive officer;
- (c) monitoring the performance of the chief executive officer;
- (d) ratifying the appointment, and where appropriate, the removal of the chief financial officer, company secretary and senior executives;
- (e) ratifying organisational changes and senior management remuneration policies and practices;
- (f) approving succession plans for management;
- (g) monitoring senior executives' performance and implementation of strategy, and ensuring appropriate resources are available;
- (h) reporting to shareholders;
- (i) providing strategic advice to management;
- (j) providing input into and final approval of management's development of corporate strategy and performance objectives;
- (k) determining dividend payments;
- (l) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- (m) approving and monitoring financial and other reporting;
- (n) reviewing, ratifying and monitoring systems of risk oversight management and internal compliance and control, codes of conduct, and legal compliance to ensure appropriate compliance frameworks and controls are in place and satisfying itself that management has developed and implemented a sound system of risk management and internal control;
- (o) reviewing and overseeing the implementation of the Group's corporate code of conduct and code of conduct for directors and senior executives;
- (p) approving charters of board committees;
- (q) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies; and

- (r) monitoring and ensuring compliance with best practice corporate governance requirements.

4. Board Committees

- 4.1 The board has established the following committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:
 - (a) Audit and Finance Committee; and
 - (b) Nomination, Governance and Remuneration Committee.
- 4.2 The charter or terms of reference of each board committee setting out matters relevant to the composition, responsibilities and administration of the committee must be approved by the board. Each committee will review its charter from time to time as appropriate.

5. Audit and Finance Committee

- 5.1 The objective of the Audit and Finance Committee is to:
 - (a) help the board fulfil its responsibilities in relation to:
 - (i) financial reporting;
 - (ii) the application of accounting policies;
 - (iii) business risks, policies and practices;
 - (iv) financial compliance; and
 - (v) internal control and risk management systems;
 - (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
 - (c) promote a culture of compliance;
 - (d) encourage and promote communications between the board and the senior financial compliance manager;
 - (e) provide a forum for communication between the board and senior financial compliance management;
 - (f) maintain and improve the effectiveness of the internal and external group audit functions and communication between the board and the external and internal auditors; and
 - (g) maintain and improve the effectiveness of financial compliance strategies and compliance functions.
- 5.2 The Audit and Finance Committee must comprise:
 - (a) at least three directors;
 - (b) all non-executive directors who are financially literate (and at least one of whom is a financial expert); and
 - (c) a majority of independent directors.

5.3 The Audit and Finance Committee will appoint its chairperson. The chairperson must be an independent chairperson and may not be the chairperson of the board.

6. Nomination, Governance and Remuneration Committee

6.1 The objective of the Nomination, Governance and Remuneration Committee is to help the board achieve its objectives to ensure the Company:

- (a) has a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) has developed and implemented corporate governance policies, practices and procedures that reflect best practice standards with respect to corporate governance;
- (c) monitors, maintains and amends, when necessary, the corporate governance policies, practices and procedures;
- (d) help the board fulfil its responsibilities in relation to legal and regulatory compliance;
- (e) encourage and promote communications between the board and the senior legal and regulatory compliance manager;
- (f) provide a forum for communication between the board and senior legal and regulatory compliance management;
- (g) maintain and improve the effectiveness of legal and regulatory compliance strategies and compliance functions;
- (h) has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- (i) observes those remuneration policies and practices; and
- (j) fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general pay environment.

6.2 The Nomination, Governance and Remuneration Committee must comprise:

- (a) at least three members;
- (b) all non-executive directors; and
- (c) a majority of independent directors.

6.3 The Nomination, Governance and Remuneration Committee will appoint its chairperson. The chairperson of the Nomination, Governance and Remuneration Committee must be an independent director.

7. Chairperson of the board

7.1 The chairperson of the board:

- (a) is appointed by the directors;
- (b) must be an independent non-executive director; and

- (c) may not be the same person as the chief executive officer and the chief executive officer may not become the chairperson of the board.
- 7.2 The division of the responsibilities of the chairperson of the board and the chief executive officer have been agreed by the board and are set out in this charter.
- 7.3 The responsibilities of the chairperson of the board include:
- (a) providing leadership to the board and the Group;
 - (b) promoting the efficient organisation and conduct of the board's functions;
 - (c) ensuring the board considers and adopts strategies designed to meet present and future needs of the Group;
 - (d) ensuring the board has an effective composition, size and commitment to adequately discharge its responsibilities and duties;
 - (e) monitoring the performance of the board;
 - (f) facilitating board discussions to ensure core issues facing the Group are addressed;
 - (g) briefing all directors in relation to issues arising at board meetings;
 - (h) facilitating the effective contribution and ongoing development of all directors;
 - (i) promoting constructive and respectful relations between board members and between the board and management;
 - (j) ensuring the board regularly meets to consider the Group's performance and key issues facing it;
 - (k) setting the agenda for the board meetings after consulting with the chief executive officer; and
 - (l) chairing general meetings.

8. Chief executive officer and executive team

- 8.1 Responsibility for day to day management and administration of the Group is delegated by the board to the chief executive officer and the executive team.
- 8.2 The chief executive officer manages the Group in accordance with the strategy, plans and policies approved by the board.
- 8.3 The chief executive officer is appointed by the board.
- 8.4 The board has in place procedures to assess the performance of the chief executive officer and executive team. The chairperson of the board, drawing on guidance of the Nomination, Governance and Remuneration Committee, will lead on behalf of all the non-executive directors an annual formal evaluation of the performance of the chief executive officer and executive team.
- 8.5 The chief executive officer may not be the same person as the chairperson and the chief executive officer may not become the chairperson of the board.

- 8.6 The responsibilities of the chief executive officer include:
- (a) developing and recommending to the board, strategies, business plans and annual budgets for the Group;
 - (b) implementing the strategies, business plans and budgets adopted by the board;
 - (c) providing effective leadership, direction and supervision of the executive team to achieve the strategies, business plans and budgets adopted by the board;
 - (d) developing and managing resources, policies and systems to ensure the effective operation of the Group (including policies on risk management, internal controls and human resources);
 - (e) managing resources within budgets approved by the board;
 - (f) ensuring compliance with applicable laws and regulations;
 - (g) ensuring the board is given sufficient information to enable it to perform its functions, set strategies and monitor performance; and
 - (h) acting within authority delegated by the board.

9. Directors

- 9.1 Directors are expected to attend and participate in board meetings and meetings of committees on which they serve.
- 9.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.
- 9.3 Directors are expected to review meeting materials before board meetings and committee meetings.
- 9.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.
- 9.5 Directors must exercise independent judgment when making decisions.
- 9.6 Publicly, directors are expected to support the letter and spirit of board decisions.
- 9.7 Directors must keep board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- 9.8 Directors must comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:
- (a) to act in good faith and in the best interests of the Company; and
 - (b) to act with care and diligence;
 - (c) to act for proper purposes;
 - (d) to avoid a conflict of interest or duty; and
 - (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

10. Conflicts

- 10.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 10.2 Directors must:
- (a) disclose to the board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
 - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
 - (c) comply with the *Corporations Act 2001 (Cth)* and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.
- 10.3 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the board is discussing any matter to which the conflict relates.
- 10.4 Directors are expected to inform the chairperson of the board of any proposed appointment to the board or executive of another company as soon as practicable.

11. Access to information and independent advice by directors

- 11.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 11.2 Directors have access to:
- (a) management to seek explanations and information from management; and
 - (b) auditors, both internal and external, to seek explanations and information from them without management being present.
- 11.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 11.4 If the chairperson of the board consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

12. Retirement of directors

- 12.1 At the end of every annual general meeting, one-quarter of the directors (to the nearest whole number but not more than one-quarter of the directors) must retire.
- 12.2 A director must retire at the end of the third annual general meeting after the director's appointment even if it means that more than one-third of directors retire at an annual general meeting.
- 12.3 Those directors who have been longest in office since their last appointment must retire by rotation. Directors appointed on the same day may agree among themselves or determine by lot who must retire.
- 12.4 The chief executive officer or a director appointed to fill a casual vacancy or as an addition to the board is not subject to retirement by rotation and is not taken into account when determining how

many directors must retire by rotation. A director appointed to fill a casual vacancy or as an addition to the board must retire at the next annual general meeting after their appointment.

13. Codes of conduct

- 13.1 The Group has adopted a corporate code of conduct setting out its legal and other obligations to all legitimate stakeholders including employees, customers and the community.
- 13.2 The Group has adopted a code of conduct for directors and senior executives setting out required standards of behaviour, for the benefit of all shareholders.
- 13.3 Each director, officer and employee will be given a copy of the code of conduct applicable to their position when joining the Group.

14. Communication of information

- 14.1 The board will:
 - (a) communicate effectively with shareholders;
 - (b) give shareholders ready access to balanced and understandable information about the Group and its corporate goals; and
 - (c) make it easy for shareholders to participate in general meetings.
- 14.2 The board has adopted a communications strategy to facilitate and promote effective communication with shareholders and encourage participation at general meetings.

15. Review of board performance

The Nomination Committee will annually review:

- (a) the board's role;
- (b) the processes of the board and board committees;
- (c) the board's performance; and
- (d) each director's performance before the director stands for re-election.

16. Approved and adopted

This charter was approved and adopted by the board on 4 July 2008.