

Nomination, governance and remuneration committee charter

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

MinterEllison

L A W Y E E R S

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1. Introduction

- 1.1 The Nomination, Governance and Remuneration Committee is a committee of the board of directors of Ivanhoe Australia Limited (**Company**).
- 1.2 The board established the Nomination, Governance and Remuneration Committee under the Company's constitution.
- 1.3 This charter sets out the scope of the Nomination, Governance and Remuneration Committee's responsibilities in relation to the Company and its controlled entities (**Group**).
- 1.4 The role of the Nomination, Governance and Remuneration Committee is not an executive role.

2. Objective

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.

3. Nominations and board composition - responsibilities

The Nomination, Governance and Remuneration Committee is responsible for:

- (a) identifying and recommending to the board, nominees for membership of the board including the chief executive officer;
- (b) identifying and assessing the necessary and desirable competencies and characteristics for board membership and regularly assessing the extent to which those competencies and characteristics are represented on the board;
- (c) developing and implementing processes to identify and assess necessary and desirable competencies and characteristics for board members;
- (d) ensuring succession plans are in place to maintain an appropriate balance of skills on the board and reviewing those plans; and
- (e) recommending the removal of directors.

4. Policy for appointing new directors

The Nomination, Governance and Remuneration Committee will consider the size and balance of skills and experience required to meet the Company's present and future needs. Each appointment will be based on merit against set objective criteria. The Nomination, Governance and Remuneration Committee will look beyond obvious candidates.

5. Procedure for appointing new directors

5.1 Each appointment of a new director will be based on merit.

5.2 The Nomination, Governance and Remuneration Committee will be responsible for:

- (a) regularly and periodically assessing and identifying the necessary and desirable skills, experience and knowledge for board members;
- (b) assessing and identifying the skills, experience and knowledge represented on the board and those desired; and
- (c) assessing and determining the time commitment needed from each board member to adequately perform their duties.

5.3 Should the need for a new Director, or Directors, be identified, the Nomination, Governance and Remuneration Committee will then seek candidates for the vacancy by:

- (a) writing a job specification for the role;
- (b) writing a description of the skills, experience and knowledge desired in a candidate that best suits the board's present and future needs;
- (c) making suitable inquiries of professional executive search and recruitment consultants and major shareholders for candidates;
- (d) interviewing each candidate and conducting background and reference checks;
- (e) ensuring that each candidate:

- (i) has the necessary skills, experience and knowledge to perform their duties and responsibilities as a director;
 - (ii) is able to devote the time necessary to perform their duties and responsibilities;
 - (iii) is sufficiently independent in accordance with the ASX Corporate Governance Council's definition of independence; and
 - (iv) is able to work with the other members of the board;
- (f) assembling a short list of potential nominees for submission to the board; and
- (g) ensuring that any notice of general meeting at which the appointment of a director is to be considered, is clearly and comprehensively written in accordance with the suggestions of the ASX Corporate Governance Council.

6. Corporate governance – responsibilities

The Nomination, Governance and Remuneration Committee is responsible for:

- (a) preparing and recommending to the board the corporate governance policies and procedures for the Company;
- (b) reviewing practices and procedures of the Board in light of ongoing developments in securities laws, stock exchanges and regulatory requirements, and industry best practices, relating to matters of corporate governance;
- (c) reviewing and reassessing the adequacy of the Company's corporate governance policies, practices and procedures annually and recommend to the Board any changes deemed appropriate by the Committee;
- (d) reviewing any proposed changes to the Company's constitution as the document relate to corporate governance matters;
- (e) ensuring systems are in place to verify compliance with regulatory, corporate governance and disclosure requirements;
- (f) overseeing the implementation of the Group's corporate code of conduct and assessing compliance with it; and
- (g) overseeing the implementation of the Group's code of conduct for directors and senior executives and assessing compliance with the code of conduct.

7. Legal risk management – responsibilities

The Nomination, Governance and Remuneration Committee is responsible for:

Legal and regulatory risk

- (a) assessing and prioritising the areas of greatest legal and regulatory risk;
- (b) assessing the internal process for determining, monitoring and managing areas of greatest legal and regulatory risk;

- (c) receiving reports from management of any actual or suspected fraud, theft or other breach of the law;
- (d) monitoring compliance with legal and regulatory obligations;
- (e) reporting and making recommendations to the board regarding:
 - (i) the management of areas of greatest legal and regulatory risk (including fraud and theft); and
 - (ii) compliance with legal and regulatory obligations;
- (f) receiving and reviewing reports from the senior legal and regulatory compliance manager;

Disclosure and reporting

- (g) ensuring management establishes a comprehensive process to capture non-financial information that must be disclosed to ASX;
- (h) reviewing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting of non-financial information (including, among other things, continuous disclosure);
- (i) assessing management's processes for ensuring non-financial information in documents (both public and internal) does not conflict inappropriately with financial reports and other documents; and
- (j) assessing internal control systems relating to the release of potentially adverse non-financial information.

8. Performance and education of directors - responsibilities

8.1 The Nomination, Governance and Remuneration Committee is responsible for:

- (a) annually reviewing the performance of the chief executive officer;
- (b) establishing processes for evaluating the performance of the board, both collectively and individually;
- (c) annually evaluating the performance of the board, both collectively and individually;
- (d) regularly reviewing the time required from non-executive directors to perform their functions and assessing whether they are satisfying time requirements;
- (e) establishing induction programmes for new directors; and
- (f) developing continuing education programmes for directors.

8.2 A member of the Nomination, Governance and Remuneration Committee must not participate in any review or assessment of their own performance.

9. Remuneration policies and practices

9.1 Executive remuneration and incentive policies and practices must be performance based and aligned with the Group's vision, values and overall business objectives.

- 9.2 Executive remuneration and incentive policies and practices must be designed to:
- (a) motivate the directors and management to pursue the Group's long term growth and success; and
 - (b) demonstrate a clear relationship between the Group's overall performance and the performance of executives.

10. Remuneration - responsibilities

10.1 In performing its responsibilities in relation to remuneration, the Nomination, Governance and Remuneration Committee must give appropriate consideration to the Company's performance and objectives, employment conditions and remuneration relativities.

10.2 The Nomination, Governance and Remuneration Committee is responsible for:

Executive remuneration and incentive policies

- (a) reviewing, approving and recommending to the board for adoption executive remuneration and incentive policies and practices; and

Executive directors and senior management

- (b) annually considering, approving and recommending to the board each executive director's total remuneration (including base pay, incentive awards, equity awards, retirement rights and terms of engagement) having regard to executive remuneration and incentive policies;
- (c) determining if shareholder approval is needed for any change to remuneration of directors or executives;
- (d) reviewing and approving, on the recommendation of the chief executive officer:
 - (i) the total remuneration (including incentive awards, equity awards and retirement and termination payments);
 - (ii) the terms of engagement; and
 - (iii) any changes to the total remuneration and terms of employment, of direct reports of the chief executive officer and other senior executives;
- (e) recommending to the board for approval changes to the remuneration or terms of engagement of executive directors before implementation; and
- (f) preparing for approval by the board any report on executive remuneration that may be:
 - (i) required by the ASX Listing Rules or the *Corporations Act 2001* (Cth); or
 - (ii) proposed for inclusion in the annual report,and reporting regularly to the board on those matters;

Executive incentive plans

- (g) reviewing, approving and recommending to the board for adoption the design of any executive incentive plan;
- (h) reviewing, approving and recommending to the board for adoption the total proposed payments from any executive incentive plan;

- (i) reviewing, approving and recommending to the board for adoption the design of any equity based plan;
- (j) reviewing any plan for legislative, regulatory and market developments;
- (k) reviewing, approving and recommending to the board for approval the total proposal awards under any equity based plan;
- (l) reviewing, approving and recommending to the board for approval the proposed award to each executive under the rules of any plan or as approved by the Nomination, Governance and Remuneration Committee;
- (m) reviewing, approving, recommending to the board for adoption and keeping under review the performance hurdles for any equity based plan;

Non-executive directors

- (n) reviewing the remuneration of non-executive directors for serving on the board and any committee (both individually and in total);
- (o) recommending to the board the remuneration and retirement policies for non-executive directors having regard to market trends and shareholder interests;

Superannuation

- (p) reviewing superannuation arrangements;

Reimbursement of expenses

- (q) reviewing and monitoring the reimbursement of any expenses incurred by directors and senior executives; and

Insurance and indemnities

- (r) reviewing any insurance premiums or indemnities for the benefit of directors and officers.

11. Recruitment and termination - responsibilities

11.1 The Nomination, Governance and Remuneration Committee is responsible for:

- (a) reviewing and recommending to the board for adoption recruitment, retention and termination policies and practices;
- (b) reviewing and recommending to the board for approval termination payments to executive directors before they are implemented; and
- (c) considering and, if appropriate, ratifying termination payments to direct reports of the chief executive officer and other senior executives and members of the senior management team or executive committee.

11.2 Any termination payment to any other departing executive should be reported to the Nomination, Governance and Remuneration Committee at its next meeting.

12. Other responsibilities

The Nomination, Governance and Remuneration Committee is responsible for doing anything the board considers appropriate in the context of this charter.

13. Nomination, Governance and Remuneration Committee composition

13.1 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.

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

13.3 The Nomination, Governance and Remuneration Committee will appoint a recording secretary.

13.4 The board decides appointments, rotations and resignations within the Nomination, Governance and Remuneration Committee having regard to the ASX Listing Rules, the *Corporations Act 2001* (Cth) and the Company's constitution.

13.5 A Nomination, Governance and Remuneration Committee member may act by their alternate.

14. Nomination, Governance and Remuneration Committee meetings

14.1 The Nomination, Governance and Remuneration Committee will meet as often as it considers necessary.

14.2 The quorum for a Nomination, Governance and Remuneration Committee meeting is two Nomination, Governance and Remuneration Committee members.

14.3 Nomination, Governance and Remuneration Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.

14.4 The Nomination, Governance and Remuneration Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the *Corporations Act 2001* (Cth).

14.5 The Nomination, Governance and Remuneration Committee may invite anyone it considers appropriate to attend Nomination, Governance and Remuneration Committee meetings.

15. Minutes of Nomination, Governance and Remuneration Committee meetings

15.1 The Nomination, Governance and Remuneration Committee must keep minutes of its meetings.

- 15.2 Minutes of each Nomination, Governance and Remuneration Committee meeting must be included in the papers for the next full board meeting after each meeting of the Nomination, Governance and Remuneration Committee.
- 15.3 Minutes must be distributed to all Nomination, Governance and Remuneration Committee members after the Nomination, Governance and Remuneration Committee chairperson has approved them.
- 15.4 Minutes, agenda and supporting papers are available to directors upon request to the Nomination, Governance and Remuneration Committee recording secretary, except if a conflict of interest exists.

16. Reporting to the board

The Nomination, Governance and Remuneration Committee chairperson must report the Nomination, Governance and Remuneration Committee's findings to the board after each Nomination, Governance and Remuneration Committee meeting.

17. Access to information and independent advice

- 17.1 The Nomination, Governance and Remuneration Committee may seek any information it considers necessary to fulfil its responsibilities.
- 17.2 The Nomination, Governance and Remuneration Committee has access to management to seek explanations and information from management, at the Company's cost.
- 17.3 The Nomination, Governance and Remuneration Committee may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost. The Nomination, Governance and Remuneration Committee may meet with external advisers without management being present.

18. Review and changes to this charter

- 18.1 The Nomination, Governance and Remuneration Committee will review this charter annually or as often as it considers necessary.
- 18.2 The board may change this charter from time to time by resolution.

19. Approved and adopted

This charter was approved by the board on 4 July 2008 and adopted by the Nomination, Governance and Remuneration Committee on 4 July 2008.