



BOARD CHARTER

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1 Introduction

- 1.1 In carrying out its responsibilities and exercising its powers, the Board at all times recognises its overriding responsibility to act honestly, ethically, diligently and in accordance with the law in serving the interests of the shareholders of Iluka Resources Limited (“the Company”), as well as its employees, customers, and the local communities where it operates. It works to promote and maintain an environment within the Company that establishes these principles as basic guidelines for all of its employees and representatives at all times.

2 Primary Role of the Board

- 2.1 The Board is responsible for:
- (a) appointing and removing the Managing Director, determining his or her remuneration and terms and conditions of employment, and assessing the performance of the Managing Director and, through him or her, the Executive;
 - (b) approving the strategic direction, strategies and financial objectives of the Company and ensuring appropriate resources are available;
 - (c) monitoring the implementation of those policies and strategies and the achievement of those financial objectives;
 - (d) reporting to shareholders and the investment community on the performance and state of the Company; and
 - (e) monitoring and guiding the culture, reputation and standards of conduct of the Company.
- 2.2 In performing the responsibilities set out above the Board must act at all times:
- (a) in a manner designed to create and build sustainable value for shareholders; and
 - (b) in accordance with the duties and obligations imposed upon it by the Company’s Constitution and by law.

3 Powers / Duties

3.1 In addition to matters expressly required by the Constitution or the law to be approved by the Board, the Board has specifically reserved the following responsibilities for its decision:

- (a) reviewing, approving and overseeing systems of risk management and internal control and legal and ethical compliance. This includes reviewing processes to identify the main risks associated with the Company and reviewing processes and systems in place to manage these risks;
- (b) reviewing and approving external financial and selected other reporting to shareholders and the financial market, and approving any public statements which reflect significant issues of Company policy or strategy;
- (c) approving major capital expenditure, capital management, acquisitions and divestitures, and including the acquisition, establishment, disposal or cessation of any significant business of the Company;
- (d) any matters in excess of authorities that, from time to time, it may have delegated to the Managing Director and senior management (for example, in relation to capital expenditure);
- (e) contributing to the development of, and approving, the strategic plan;
- (f) reviewing and approving business plans and budgets, including the setting of performance objectives;
- (g) monitoring the Company's operational and financial position and performance;
- (h) approving the Company's financial policies and financial statements;
- (i) overseeing compliance with control and accountability systems, regulatory requirements and ethical standards;
- (j) approving the financial and other operational reporting mechanisms for adequate, accurate and timely information being provided to the Board;
- (k) approving processes, procedures and systems to ensure that financial results are appropriately and accurately reported on a timely basis;
- (l) upon the Managing Director's recommendation, ratifying the appointment and, where appropriate, the removal of, the Chief Financial Officer, the Company Secretary and other senior executives reporting to the Managing Director;

- (m) reviewing on a regular and continuing basis:
 - (i) executive succession planning (in particular for the Managing Director); and
 - (ii) executive development activities;
- (n) approving the remuneration and conditions of service, including financial incentives, for the Chief Financial Officer, Company Secretary, and other senior executives reporting to the Managing Director;
- (o) approving the issue of any new securities in the Company, including the issue of new securities as recommended by the People and Performance Committee in relation to the Company's executive and employee share plans; and
- (p) approving any changes to the discretions delegated from the Board.

4 Board Membership

- 4.1 Appointments to the Board are based on merit against objective criteria that serves to maintain an appropriate balance of skills and experience on the Board. The Nominations and Governance Committee leads the process for Board appointments and makes recommendations to the Board.
- 4.2 It is intended that the Board comprise a majority of independent directors and comprise directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.

5 Independence and Interests

- 5.1 In general, a director will be considered to be 'independent' if the director is a non-executive director (i.e. is not a member of management) and:
 - (a) is not a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company;
 - (b) is not employed, or been previously employed in an executive capacity by the Company or another group member, or where they were previously employed in such a capacity, there has been a period of at least three years between ceasing such employment and serving on the Board;

- (c) is not, and has not been within the last three years, a partner, director or senior employee of a provider of material professional services to the Company or another group member;
 - (d) is not, and has not been within the last three years, in a material business relationship (e.g. as a supplier or customer) with the Company or other group member, or an officer of or otherwise associated with someone with such a relationship;
 - (e) has no material contractual relationship with the Company or another group member other than as a director of the Company;
 - (f) does not have close family ties with any person who falls within any of the categories described above;
 - (g) has not served on the Board for a period that his or her independence may have been compromised; and
 - (h) is free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.
- 5.2 The Board will consider the materiality of the directors' interests, position, association or relationship for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles.
- 5.3 All assessments as to whether a director is independent are made by the other members of the Board.
- 5.4 Directors must avoid situations where their interests and the interests of the Company conflict, and for this purpose, must adhere to the Director Conflicts of Interest Policy annexed to this Charter.

6 Board Committees

- 6.1 The Board from time to time establishes committees to assist it in carrying out its responsibilities, and approves charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.

- 6.2 The Board has established the following committees:
- (a) Audit and Risk Committee;
 - (b) People and Performance Committee; and
 - (c) Nominations and Governance Committee.
- 6.3 All directors who are not members have a standing invitation to attend committee meetings and senior managers and other employees may attend by invitation as appropriate. Following each committee meeting, the Board is provided with a report on meeting proceedings by the Committee Chairman as well as the minutes of that meeting. A copy of the committee papers is available for the Board.
- 6.4 The Board may also delegate specific responsibilities to ad hoc committees or working groups from time to time.

7 The Chairman

- 7.1 The directors will elect one of their number, who will be independent and non-executive, to the office of Chairman and may determine the period for which that director is to be Chairman.
- 7.2 The Chairman is responsible for leadership of the Board, for ensuring that the Board functions effectively, and for communicating the views of the Board (including through the Managing Director) to shareholders and the public. In performing this role the Chairman's responsibilities include:
- (a) setting the agenda of matters to be considered by the Board;
 - (b) managing the conduct, frequency and length of Board meetings so as to ensure that the Board maintains an in-depth understanding of Iluka's performance and the opportunities and challenges facing the Company;
 - (c) facilitating open and constructive communications between Board members and encouraging their contribution to Board deliberations;
 - (d) acting as a mentor and independent sounding board to the Managing Director, advising the Managing Director on likely Board reactions to issues and proposals, keeping directors informally advised as necessary of such matters, convening special Board meetings as required and optimising the working relationship between the Chairman, directors and Managing Director; and

- (e) initiating a review of the performance of the Board as a whole and all individual directors on an annual basis.

8 The Managing Director

8.1 The Managing Director has responsibility for the following functions:

- (a) managing the Company;
- (b) recommending policy and strategic direction for Board approval; and
- (c) conducting the day-to-day operation of the Company.

9 Authority Delegated to Senior Management

9.1 Under the Constitution, the business of the Company is to be managed by or under the direction of the Board. The Board has specifically reserved some matters for its decision and delegates to the Managing Director authority for all other matters that are necessary for the day-to-day management of Iluka and its operations.

9.2 The delegation of authority to the Managing Director (and through him or her, to senior management) includes responsibility for:

- (a) developing business plans, budgets and strategies for the Company for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- (b) operating the Company's businesses within the parameters set by the Board from time to time, and keeping the Board informed of material developments in Iluka's businesses;
- (c) where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- (d) identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses, formulating strategies for managing these risks for consideration by the Board;
- (e) managing the Company's current financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively;

- (f) ensuring that the Board is provided with sufficient information on a timely basis in regard to Iluka's businesses, and in particular with respect to Iluka's performance, financial condition, operating results and prospects, to enable the Board to fulfil its governance responsibilities;
- (g) implementing the policies, processes and codes of conduct approved by the Board; and
- (h) implementing policies, processes and procedures for the management and development of the Company's employees.

10 Assessment

- 10.1 The Chairman is responsible for ensuring that an annual performance evaluation is undertaken.
- 10.2 The evaluation will assess the performance of the Board, its committees and individual directors. The performance evaluation will be conducted in such a manner as the Board deems appropriate.
- 10.3 The results of the review of individual directors will be taken into account by the Board in determining its assessment of the directors to stand for re-election at the next Annual General Meeting.

11 Appointment

- 11.1 Non-executive directors are engaged through a letter of appointment that sets out the key terms and conditions related to their appointment.
- 11.2 New directors will be provided with a comprehensive induction program, including business briefings by management and site visits.

12 Term of Office

- 12.1 The preferred limit on service by a director is 10 years, unless otherwise requested by the Board to continue.
- 12.2 A director's term of office will at all times be subject to their election and re-election by shareholders as and when required by the Constitution, applicable law or ASX Listing Rules.

13 Access to Independent Advice

- 13.1 Each director may, with the written consent of the Chairman, seek independent professional advice at the expense of the Group on any matter connected with the discharge of their responsibilities.
- 13.2 The policy of the Board is that external advice will be made available to all directors, unless the Chairman agrees otherwise.

14 Meetings

- 14.1 The Board of directors will meet sufficiently regularly to discharge its duties effectively. The Company's Constitution governs the regulation of Board meetings and proceedings.
- 14.2 Directors will use all reasonable endeavours to attend Board meetings in person.
- 14.3 Papers for Board and Committee meetings will be circulated to directors in advance of each meeting so that directors have a reasonable opportunity to review the papers.
- 14.4 The non-executive directors will periodically meet without management present to discuss the position of the Company and the performance of the Management Team.
- 14.5 All directors will have direct access to the Company Secretary.

Annexure 1: Director Conflicts of Interest Policy

1. What is a conflict of interest?

1.1. Under the Corporations Act 2001 (Cth) and general law, directors must avoid situations where their interests and the interests of the Company conflict. Common Directors' interests which sometimes give rise to such conflicts include:

- other directorships;
- potentially conflicting duties owed to other entities;
- outside investments of directors and their related parties; and
- outside employment or engagements.

1.2. When determining whether a particular interest, relationship or circumstance constitutes an actual, potential or perceived conflict of interest for a Director, the issue needs to be carefully considered having regard to the specific factual background including the materiality of the interest, relationship or circumstance from the Director's and the Company's perspectives.

2. Duty to avoid conflicts of interest

Directors must take all reasonable steps to avoid actual, potential or perceived conflicts of interest.

3. Disclosure of interests

3.1. In the event that a director becomes aware of any current or potential conflicts of interest, the director must immediately notify the Chairman or the Company Secretary.

3.2. Directors may choose to submit standing notices of interest to all Board members. Otherwise, they must immediately disclose their interest in a matter being considered by the Board or Committee immediately on becoming aware of it.

3.3. Where the nature or scope of an interest previously disclosed to the Board materially changes, the director is required to provide further disclosure to the Board or Committee (as applicable).

4. Board procedures to manage conflicts of interest

Generally speaking, where a director has an actual or potential conflict of interest, or a conflict of interest might reasonably be perceived to exist, they:

- (a) cannot receive the relevant Board or Committee papers if the actual or potential conflict is recognised in advance of the distribution of the papers but may, at the discretion of the other directors, be advised that certain papers have been excluded;
- (b) must absent themselves from the room when the Board or Committee discusses and votes on matters to which the conflict relates unless the other directors resolve the director in question may stay;
- (c) cannot vote on the matter unless the other directors resolve that the director in question can vote;
- (d) cannot have access to minutes of the Board or Committees in relation to the subject of interest; and
- (e) must, if deemed appropriate by the Board or the director, take such other steps as are necessary and reasonable to resolve any conflict of interest within an appropriate period.

5. Outside directorships, employment and public office

- 5.1. Outside appointments or activity must not conflict with a director's ability to properly perform their duties, nor create an actual, potential or perceived conflict of interest.
- 5.2. Before accepting outside appointments or a position on the Board of directors of another company or organisation, directors must carefully evaluate whether the position could cause, or appear to cause, a conflict of interest.
- 5.3. Directors must consult with the Chairman or, in the case of the Chairman, with the chair of the Audit and Risk Committee, before accepting outside appointments or positions. Where a proposed outside appointment or position may cause, or appear to cause, a conflict of interest, the Chairman or chair of the Audit and Risk Committee, as applicable, may escalate the matter to the Board for further consideration.