



AUDIT AND RISK COMMITTEE CHARTER

This Charter has been approved by the
Board of Iluka Resources Limited (14 December 2021)

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1 Introduction

- 1.1 The Board of Directors (“Board”) of Iluka Resources Limited (“the Company”) has established an Audit and Risk Committee (“the Committee”).
- 1.2 This Charter sets out the specific responsibilities delegated by the Board to the Committee and the Committee’s objectives, authority, responsibilities, composition and operation.

2 Purpose

- 2.1 The purpose of the Committee is to oversee, on behalf of the Board:
- (a) the integrity of financial reporting (including the adequacy of financial risk management controls);
 - (b) the adequacy of the Company’s accounting and reporting processes;
 - (c) the adequacy of the processes for identifying and managing risk generally;
 - (d) the adequacy of the internal audit function;
 - (e) the external audit function;
 - (f) the insurance framework;
 - (g) treasury and capital management practices;
 - (h) taxation practices; and
 - (i) compliance with applicable legal and regulatory requirements and internal codes of conduct, as requested by the Board.
- 2.2 The Committee will assist the Board by making appropriate recommendations. The Committee does not make decisions on behalf of the Board unless such authority in respect of any matter is expressly delegated by the Board.

3 Membership

- 3.1 The Committee must consist of:
- (a) only non-executive directors;
 - (b) a minimum of three members;
 - (c) a majority of independent directors; and
 - (d) an independent director as Chair, who is not Chairman of the Board.

- 3.2 All Committee members will be financially literate and the members between them must have accounting and financial expertise, operational or technical knowledge and a sufficient understanding of the industry in which the Company operates to be able to discharge the Committee's mandate effectively. At least one member should have relevant formal qualifications and experience (i.e. be a qualified accountant or other finance professional with experience of financial and accounting matters).
- 3.3 Members and the Chair of the Committee will be appointed by the Board.
- 3.4 The responsibilities of the Committee Chair are to:
- (a) be knowledgeable of Iluka's business and financial and auditing processes;
 - (b) oversee planning and conduct of Committee meetings including approval of agendas and minutes;
 - (c) oversee written and verbal reporting to the Board on key matters arising from the Committee; and
 - (d) be involved in the selection of Committee members.

4 Responsibilities

4.1 Accounting and reporting

The responsibilities of the Committee in relation to accounting and reporting practices are as follows:

- (a) reviewing compliance with Accounting Standards, Financial Reporting Standards, Stock Exchange requirements, and other legal requirements;
- (b) reviewing the position taken by management on significant transactions and accounting issues and/or any unusual or highly judgemental matters;
- (c) monitoring the effectiveness of the accounting and internal control systems, including discussing (separately from management) with the external auditor matters relating to the conduct of the audit, including the timeliness of its reporting, any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, significant disagreements with management (if any) and the adequacy of management's response;
- (d) reviewing half year and full year Financial Statements and making the necessary recommendations to the Board;
- (e) considering capital management matters, including proposed dividends, prior to consideration and approval by the Board; and
- (f) reviewing other financial information distributed externally as required.

4.2 External audit

The Committee oversees the external audit function. The responsibilities of the Committee in relation to the external audit function include:

- (a) reviewing the performance of the external auditor;
- (b) reviewing the scope and adequacy of the external audit;
- (c) reviewing with the external auditor its report regarding significant findings in the conduct of its audit and the adequacy of management's response, and monitoring whether any issues are being managed and rectified in an appropriate and timely manner;
- (d) reviewing annually and making recommendations to the Board regarding the appointment of the external auditor, the external auditor's terms of engagement (including the audit plan), and other contractual terms, including the continuation or termination of the external auditors' engagement and/or any material revision to the terms of the engagement;
- (e) reviewing and making recommendations to the Board regarding the rotation of the external audit partner;
- (f) ensuring that any key financial risk areas for the Company and financial requirements are incorporated into the audit plan;
- (g) evaluating the independence of the external auditor and ensuring that the provision of non-audit services by the external auditor does not adversely impact independence;
- (h) reviewing the appropriateness of the audit approach, scope and methodology (to ascertain the extent to which it can be relied upon to detect weaknesses in internal controls or non-compliance with legal requirements);
- (i) reviewing the results of the auditor's work with particular emphasis on unresolved or unadjusted issues between auditors and management;
- (j) providing a direct line of communication between the external auditor and the Board which is independent of management;
- (k) reviewing all reports to the Board and Committee by the external auditors;
- (l) ensuring that there are no material unresolved issues between management and the external auditors; and
- (m) approval of fees for audit and non-audit work.

4.3 Internal audit

The Committee oversees the internal audit function. The responsibilities of the Committee in relation to the internal audit function include:

- (a) reviewing the performance of the internal auditor and the approval of the annual internal audit plan;
- (b) reviewing and making recommendations to the Board regarding the appointment and removal of the person accountable for internal audit;
- (c) reviewing the scope and adequacy of the internal audit work plan;
- (d) reviewing the independence, objectivity and performance of the internal audit function;
- (e) reviewing significant internal audit findings and action taken by management to address these; and
- (f) facilitating a direct line of communication from the risk manager and internal audit function which is independent of management.

4.4 Internal controls

As requested by the Board, the Committee shall review the processes and internal controls that management have put in place to ensure compliance with laws, regulations and internal codes of conduct.

4.5 Other key financial processes

The Committee will review other key financial processes in particular the tax and treasury operations, to ensure prudent management practices are in place.

4.6 Risk management

The Committee assists the Board with oversight of the Company's risk management practices. The responsibilities of the Committee in relation to risk management include:

- (a) monitoring management's performance against the Company's risk management framework, including whether it is operating within the risk appetite set by the Board;
- (b) monitoring the process for documenting and controlling the Company's exposure to material financial and non-financial risks, including new and emerging risks, and advising the Board as to the Committee's findings;
- (c) reviewing and making recommendations to the Board in relation to the risk appetite within which the Board expects management to operate, and whether any changes should be made;

- (d) overseeing senior management's implementation of the risk management framework, including that senior management has appropriate processes for identifying, assessing, and responding to risks and that those processes are operating effectively;
- (e) receiving reports from internal audit on its reviews of the adequacy of the Company's processes for managing risk;
- (f) reviewing and making recommendations to the Board in relation to any material incident involving fraud or other break down of the Company's internal controls;
- (g) reviewing the Company's risk management framework at least annually to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board, and making recommendations to the Board on any changes that should be made to the risk management framework;
- (h) reviewing the insurance strategy and determining the extent to which it aligns with the risk tolerance of the Company, and overseeing the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business;
- (i) reviewing and making recommendations to the Board in relation to the risk disclosures in the Company's periodic reporting documents, including the operating and financial review in its Annual Report;
- (j) monitoring whether management is communicating the importance of internal control and management of risk throughout the Group and therefore setting an appropriate 'control culture'; and
- (k) monitoring compliance with the Company's Whistleblower Policy and receiving information regarding any material incidents under the Whistleblower Policy and actions taken by management in relation to such incidents.

4.7 Reserves and resources

The Committee assists the Board with regard to the Company's consideration of reserves and resources. The responsibilities of the Committee in relation to reserves and resources include:

- (a) reviewing and assessing the appropriateness of the process and determination used by management in preparing the annual Ore Reserves and Mineral Resources Statement;
- (b) considering reports in relation to reserves and resources with information in those reports ultimately being included in the Annual Report; and
- (c) approve the appointment of the Company's Competent Persons.

5 Access to Information and Independent Advice

- 5.1 The Committee is to have access to adequate internal and external resources. The Committee has the authority to obtain information, interview management, the risk manager, and internal and external auditors (with or without management present), and all employees must comply with such requests from the Committee.
- 5.2 The Committee may seek the advice of the Company's auditors, solicitors or other independent advisors where the Committee considers that necessary or appropriate.

6 Meeting Arrangements

- 6.1 It is intended that the Committee will meet at least three times a year. Meetings may be requested by any member of the Committee.
- 6.2 A quorum for the Committee meetings is two members.
- 6.3 The Managing Director and Chief Financial Officer will be present for the entirety of all meetings except where the Committee Chair consents or requests otherwise. The Chair may invite other senior management to attend meetings as appropriate.
- 6.4 The risk manager and external auditor will attend meetings at the invitation of the Chair. The Chair may invite other advisors, consultants or experts as appropriate.
- 6.5 The Committee will regularly meet with the external auditor, internal auditor, and the risk manager without management present.
- 6.6 Directors who are not members of the Committee have a standing invitation to attend Committee meetings.
- 6.7 Papers for Committee meetings will be circulated to members in advance of each meeting so that members have a reasonable opportunity to review the papers.
- 6.8 Committee papers prepared by management are to be relevant, clear, complete, and concise.

7 Secretarial

- 7.1 The Company **Secretary** or designate shall be the secretary of the Committee and will be responsible for issuing and storing meeting notices, agendas, minutes of proceedings, and supporting papers.
- 7.2 Notices, minutes, agendas, and supporting papers will be made available to any director upon request to the Company Secretary, provided no conflict of interest exists.

8 Reporting Mechanism to the Board

- 8.1 The Committee Chair will report to the Board after each Committee meeting and will make recommendations to the Board as appropriate.
- 8.2 A copy of the minutes of the Committee will also be provided to the Board with the Board papers.
- 8.3 The Committee will also consider if any material matters arising out of the Committee meeting should be advised to any other Committee and if so, recommend to the Board that this occurs.

9 Review Process and Assessment

- 9.1 The composition and annual agenda for the Committee will be reviewed at least annually, and the Charter at least every two years, to determine their adequacy for current circumstances. Any changes to the Charter will require approval of the Board.
- 9.2 The Committee will undertake a formal process of self-assessment on at least an annual basis. The results of this assessment will be communicated to the Board in order to assist the Board in its periodic review of the Committee's effectiveness.