

**Notice of Annual and Special Meeting of Shareholders  
and  
Management Proxy Circular  
of  
IVANHOE MINES LTD.**

**DATED: April 5, 2010**



**IVANHOE MINES LTD.**  
**Notice of Annual and Special Meeting of Shareholders**  
**May 7, 2010**

**NOTICE IS HEREBY GIVEN** that the Annual and Special Meeting of shareholders of Ivanhoe Mines Ltd. (the "Corporation") will be held on Friday, May 7, 2010, at 9:00 AM local time, in the President's Room of the Terminal City Club located at 837 West Hastings Street, Vancouver, British Columbia for the following purposes:

1. to receive the annual report of the directors to the shareholders;
2. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2009, and the auditors' report thereon;
3. to elect twelve (12) directors for the ensuing year;
4. to appoint auditors for the ensuing year and to authorize the directors to fix the auditors' remuneration;
5. to consider, and if thought advisable, to pass a special resolution authorizing the Corporation to amend its Articles to set the number of directors of the Corporation as not less than three (3), nor more than fourteen (14);
6. to separately elect one additional director for the ensuing year, contingent upon the approval of the special resolution to amend the Articles of the Corporation to increase the maximum number of directors to fourteen (14);
7. contingent upon the approval of the special resolution to amend the Articles of the Corporation, to consider, and if thought advisable, to pass an ordinary resolution fixing the number of directors at fourteen (14);
8. to consider, and if thought advisable, to pass an ordinary resolution authorizing the Corporation to amend and restate the Employees' and Directors' Equity Incentive Plan (the "Incentive Plan") to:  
(i) make certain amendments to the amending provisions of the existing Incentive Plan; and (ii) make certain other technical amendments to the Incentive Plan;
9. to consider, and if thought advisable, to pass an ordinary resolution approving and ratifying the Shareholder Rights Plan adopted by the Corporation on April 5, 2010, as described in the accompanying management proxy circular; and
10. to transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed March 18, 2010 as the Record Date for the determination of shareholders entitled to notice of, and to vote at, the meeting and at any adjournment thereof.

A management proxy circular, form of proxy, the audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2009 and a return envelope accompany this notice of meeting.

**A shareholder who is unable to attend the meeting in person and who wishes to ensure that such shareholder's shares will be voted at the meeting, is requested to complete, date and execute the enclosed form of proxy and deliver it by facsimile, by hand or by mail in accordance with the instructions set out in the form of proxy and in the management proxy circular.**

Dated at Vancouver, British Columbia this 5th day of April, 2010.

**BY ORDER OF THE BOARD**

"Beverly A. Bartlett"  
Vice President and Corporate Secretary

**IVANHOE MINES LTD.**  
World Trade Centre  
654 – 999 Canada Place  
Vancouver, British Columbia, V6C 3E1

**MANAGEMENT PROXY CIRCULAR**

**SOLICITATION OF PROXIES**

**This Management Proxy Circular is furnished to the holders of common shares (“shareholders”) of IVANHOE MINES LTD. (the “Corporation”) by management of the Corporation in connection with the solicitation of proxies to be voted at the Annual and Special Meeting (the “Meeting”) of the shareholders to be held at 9:00 AM, local time, on May 7, 2010 in the President’s Room of the Terminal City Club located at 837 W. Hastings Street, Vancouver, British Columbia, and at any adjournment thereof, for the purposes set forth in the Notice of Meeting.**

The solicitation of proxies by management will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. All costs of this solicitation will be borne by the Corporation.

The Board of Directors of the Corporation has fixed the close of business on March 18, 2010 as the record date, being the date for the determination of the registered shareholders entitled to receive notice of, and to vote at, the Meeting (the “Record Date”).

Unless otherwise stated, the information contained in this Management Proxy Circular is as of March 30, 2010. All dollar amounts are expressed in Canadian dollars (“C\$” or “Cdn\$”), United States dollars (“US\$”) or Australian dollars (“A\$”), as indicated.

**APPOINTMENT OF PROXYHOLDERS**

A shareholder entitled to vote at the Meeting may, by means of a proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders, to attend and act at the Meeting for the shareholder and on the shareholder’s behalf.

The individuals named in the enclosed form of proxy (the “Form of Proxy”) are directors and/or officers of the Corporation. **A shareholder may appoint, as proxyholder or alternate proxyholder, a person or persons other than any of the persons designated in the enclosed Form of Proxy, and may do so either by inserting the name or names of such persons in the blank space provided in the enclosed Form of Proxy or by completing another proper Form of Proxy.**

A shareholder forwarding the enclosed Form of Proxy may indicate the manner in which the proxyholder is to vote with respect to any specific item by checking the appropriate position. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the position opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

**An appointment of a proxyholder or alternate proxyholders will not be valid unless a form of proxy making the appointment, signed by the shareholder or by an attorney of the shareholder authorized in writing, is deposited with CIBC Mellon**

**Trust Company, by facsimile to 1-866-781-3111 or 1-416-368-2502, by mail to P.O. Box 721, Agincourt, Ontario, M1S 0A1 or by hand to The Oceanic Plaza, 1600 - 1066 Hastings Street, Vancouver, British Columbia, V6E 3K9 or 320 Bay Street, Banking Hall Level, Toronto, Ontario, M5H 4A6 and received by CIBC Mellon Trust Company not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.**

## **REVOCATION OF PROXIES**

A shareholder who has given a proxy may revoke the proxy

- (a) by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing
  - (i) with CIBC Mellon Trust Company, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the proxy is to be used,
  - (ii) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or an adjournment thereof, at which the proxy is to be used,
  - (iii) with the chairman of the Meeting on the day of the Meeting or an adjournment thereof, or
- (b) in any other manner provided by law.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

## **EXERCISE OF DISCRETION**

The persons named in the enclosed Form of Proxy will vote or withhold from voting the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction in respect of a particular matter, such shares will be voted in favour of such matter. The enclosed Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified or referred to in the Notice of Meeting and this Management Proxy Circular and with respect to other matters which may properly come before the Meeting.** As of the date of this Management Proxy Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any such or other matters which are not now known to management should properly come before the Meeting, the shares will be voted on such matters in accordance with the best judgment of the persons named in the Form of Proxy.

## **VOTES NECESSARY TO PASS RESOLUTIONS**

The Corporation's by-laws provide that the quorum for the transaction of business at the Meeting is at least one individual present at the commencement of the Meeting holding, or representing by Proxy the holder or holders of, common shares carrying, in the aggregate, not less than thirty-three and one-third percent (33 1/3%) of the votes eligible to be cast at the Meeting.

Under the *Yukon Business Corporations Act* (the “YBCA”), a simple majority of the votes cast by shareholders at the Meeting is required to pass an ordinary resolution and a majority of two-thirds of the votes cast at the Meeting is required to pass a special resolution.

At the Meeting, shareholders will be asked to elect twelve (12) directors and to appoint auditors for the ensuing year. Subject as provided below in connection with the separate resolution to conditionally elect one additional director, if there are more nominees for election as directors or appointment as the Corporation’s auditors than there are vacancies to fill (i.e. more than twelve (12) nominees for election as directors and one (1) nominee for appointment as the Corporation’s auditors), those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

At the Meeting, shareholders will be asked to consider and, if thought advisable, to pass a special resolution, the full text of which is set out in Schedule “A-1” hereto (the “Articles Amendment Resolution”), authorizing the Corporation to amend its Articles under section 175 of the YBCA to set the number of directors of the Corporation as not less than three (3), nor more than fourteen (14). The proposed amendment is to accommodate the Corporation’s current contractual obligations to Rio Tinto plc and/or its subsidiaries (“Rio Tinto”). For further particulars, see “Particulars of Matters to Be Acted Upon – Amendment to the Corporation’s Articles” in this Management Proxy Circular.

Shareholders will also be asked to separately elect one additional director for the ensuing year and to fix the number of directors at fourteen (14), contingent upon the passing of the special resolution to amend the Articles of the Corporation to increase the maximum number of directors to fourteen (14). It is expected that the fourteenth director, an additional nominee of Rio Tinto, will be appointed following the Meeting in accordance with Rio Tinto’s contractual rights. See “Conditional Election of One Additional Director” and “Future Size of Board of Directors”.

At the Meeting, shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution, the full text of which is set out in Schedule “B” hereto (the “Equity Incentive Plan Resolution”), all as more particularly described in this Management Proxy Circular under “Particulars of Matters to Be Acted Upon - Amended and Restated Equity Incentive Plan,” authorizing the Corporation to amend and restate the Employees’ and Directors’ Equity Incentive Plan (the “Incentive Plan”) to: (i) make certain amendments to the amending provisions of the existing Incentive Plan; and (ii) make certain other technical amendments to the Incentive Plan, as outlined in the amended Incentive Plan attached hereto as Schedule “C”.

Shareholders will also be asked at the Meeting to consider, and, if thought advisable, to pass an ordinary resolution, the full text of which is set out in Schedule “D” hereto (the “Shareholder Rights Plan Resolution”), approving and ratifying the Shareholder Rights Plan adopted by the Corporation on April 5, 2010, as more particularly described in this Management Proxy Circular under “Particulars of Matters to Be Acted Upon – Shareholder Rights Plan”, and as summarized in Schedule “E”.

## VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered shareholders of the Corporation or the persons they appoint as their proxyholder are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders (“Non-Registered Shareholders”) because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either:

- (i) in the name of an intermediary (an “Intermediary”) that the Non-Registered Shareholder deals with in respect of the shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSAs and similar plans); or
- (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice of Meeting, this Management Proxy Circular, the Form of Proxy and the request form (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either be given:

- (a) a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the Form of Proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the Form of Proxy, properly complete and sign the Form of Proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (b) a Form of Proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the Form of Proxy, this Form of Proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the Form of Proxy and

deposit it with the Corporation, c/o CIBC Mellon Trust Company, The Oceanic Plaza, 1600 - 1066 Hastings Street, Vancouver, British Columbia, V6E 3K9 or 320 Bay Street, Banking Hall Level, Toronto, Ontario, M5H 4A6.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares of the Corporation they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the Form of Proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a Form of Proxy or voting instruction form given to an Intermediary by contacting the Intermediary through which the Non-Registered Shareholder's shares of the Corporation are held and following the instructions of the intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy form or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

#### **VOTING SHARES AND PRINCIPAL HOLDERS**

The Corporation's authorized capital consists of an unlimited number of common shares without par value ("Common Shares") and an unlimited number of preferred shares without par value.

As of March 30, 2010, the Corporation had issued 441,146,905 fully paid and non-assessable Common Shares, each carrying the right to one vote. As of such date, no preferred shares were issued or outstanding.

A holder of record of one or more Common Shares on the securities register of the Corporation on the Record Date who either attends the Meeting personally or deposits a Proxy in the manner and subject to the provisions described above will be entitled to vote or to have such share or shares voted at the Meeting, except to the extent that

- (a) the shareholder has transferred the ownership of any such share after the Record Date, and
- (b) the transferee produces a properly endorsed share certificate for, or otherwise establishes ownership of, any of the transferred shares and makes a demand to CIBC Mellon Trust Company no later than 10 days before the Meeting that the transferee's name be included in the list of shareholders in respect thereof.

To the knowledge of the directors and senior officers of the Corporation, the only persons who beneficially own, or control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares of the Corporation, the approximate number of Common Shares so owned, controlled or directed and the percentage of voting shares of the Corporation represented by such



shares, and the share ownership by the current directors and senior officers of the Corporation as a group, in each case as at March 30, 2010, are:

<b>Name and Address</b>	<b>Number of Shares Owned, Controlled or Directed</b>	<b>Percentage of Shares Outstanding</b>
Rio Tinto plc	98,638,128 <sup>(1)</sup>	22.36%
Robert M. Friedland <sup>(2)</sup> Singapore	96,881,622	21.96%
Directors and Officers as a group <sup>(2)</sup>	97,609,361 <sup>(3)(4)</sup>	22.13%

(1) Includes 15,000,000 Common Shares issued to Rio Tinto on March 19, 2010.

(2) Common Shares are held directly (as to 19,810,801 shares) and indirectly through Newstar Securities SRL (as to 30,818,992 shares) and Goldamere Holdings SRL (as to 46,251,829 shares), each company beneficially owned and controlled as to 100% by Mr. Friedland. Common Shares held directly and indirectly by Mr. Friedland do not include 1,750,000 unissued Common Shares issuable upon the exercise of incentive stock options held by Mr. Friedland, 375,000 of which are currently vested and exercisable.

(3) Common Shares held by the directors and senior officers as a group do not include 11,013,875 unissued Common Shares issuable upon the exercise of incentive stock options, 4,319,875 of which are currently vested and exercisable.

(4) Includes 96,881,622 Common Shares held directly and indirectly by Robert M. Friedland.

In addition to the foregoing:

- (a) Rio Tinto also holds the following convertible securities entitling Rio Tinto to acquire additional unissued Common Shares:
- (i) share purchase warrants to purchase up to: (i) 92,053,044 Common Shares at prices between US\$8.38 and US\$9.02 per Common Share, (ii) 35,000,000 Common Shares at US\$10.00 per Common Share, and (iii) 1,440,406 Common Shares at a price of C\$3.15 per Common Share; and
  - (ii) a credit facility convertible into up to an additional 45,800,000 Common Shares at US\$10.00 per Common Share.

If all of the above-described convertible securities are exercised to acquire all of the underlying unissued Common Shares, Rio Tinto would hold approximately 44% of the Corporation's issued and outstanding Common Shares.

Concurrent with the Private Placement Agreement between the Corporation and Rio Tinto entered into in 2006 (the "2006 Rio Tinto Agreement"), Rio Tinto and Mr. Friedland entered into a shareholders' agreement, whereby Mr. Friedland has agreed to vote or cause to be voted any Common Shares he controls, directly or indirectly, in favour of any transaction contemplated by the 2006 Rio Tinto Agreement.

- (b) Fidelity Management & Research Company ("Fidelity"), a wholly-owned subsidiary of FMR LLC, of Boston, Massachusetts, owns 32,259,100 (7.31%) of the issued and outstanding Common Shares. Fidelity is an investment adviser to various U.S. investment companies.
- (c) CDP Capital World Markets ("CDP"), a direct and wholly-owned subsidiary of the Caisse de dépôt et placement du Québec ("Caisse de dépôt"), of Montreal, Québec, owns 30,488,630 (6.91%) of the issued and outstanding Common Shares. Caisse de dépôt is a global fund manager managing funds deposited primarily by public and private pension funds and insurance plans in the Province of Québec, Canada.

Information relating to Fidelity and CDP and their parent corporations and subsidiaries are not within the knowledge of management of the Corporation and have been derived from filings with the U.S. Securities and Exchange Commission, and represents the number of Common Shares held by Fidelity and CDP as of March 30, 2010.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No person who has been a director or executive officer of the Corporation at any time since the beginning of its last completed financial year, any proposed nominee for director of the Corporation or any associate or affiliate of the foregoing, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting, except as disclosed in this Information Circular.

## **ELECTION OF DIRECTORS**

### **Term of Office**

The Corporation's Articles currently provide that the number of directors of the Corporation will be a minimum of 3 and a maximum of 12. The term of office of each of the current directors will end at the conclusion of the Meeting. Unless a director's office is earlier vacated in accordance with the provisions of the YBCA, each director elected will hold office until the conclusion of the next annual meeting of the Corporation or, if no director is then elected, until a successor is elected.

The Corporation is requesting that shareholders consider and, if thought advisable, approve by special resolution at the Meeting an amendment to the Corporation's Articles to set the number of directors as not less than three (3), nor more than fourteen (14), and then to conditionally elect an additional director and fix the number of directors at fourteen (14). For further information, see "Particulars of Matters to be Acted Upon – Amendment to the Corporation's Articles", and: – Conditional Resolution to Fix the Number of Directors at Fourteen (14)", "Conditional Election of One Additional Director", and "Future Size of Board of Directors."

### **Management Nominees**

The following table sets out the names of management's 12 nominees for election as directors, their ages, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment, the period of time during which each has been a director of the Corporation, the number of Common Shares of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by each as at March 30, 2010, and the number of options to purchase Common Shares of the Corporation and common shares of the Corporation's publicly traded affiliates held by each as at March 30, 2010.



**Robert M. Friedland**  
 Singapore  
 Age: 59  
 Executive Chairman  
 Director Since: 1994<sup>(15)</sup>  
**Director Status:**  
 Non-Independent  
 (Management)  
**Areas of Experience:**  
 CEO/Board  
 Finance  
 Mining Industry  
 Public Capital Markets  
 Managing/Leading Growth

Mr. Friedland is the founder and Executive Chairman of the Corporation. He has been a member of the Corporation's Executive Committee since its formation in March 2005.

He is Chairman and President of Ivanhoe Capital Corporation, a company based in Singapore and Beijing that specializes in venture capital and project financing for international business enterprises, predominantly in the fields of energy and minerals. He is a co-founder and the Executive Chairman, President and Chief Executive Officer of Ivanhoe Energy Inc., which is implementing projects applying the company's advanced, proprietary technology which converts heavy oil into lighter crude oil.

Mr. Friedland was named 2006 Mining Person of the Year by the Northern Miner publishing group of Canada for his success in negotiating a strategic partnership between the Corporation and Rio Tinto to develop the Corporation's Oyu Tolgoi copper-gold project in Mongolia. Following his earlier role in the discovery and sale of the Voisey's Bay nickel-copper-cobalt deposit in Eastern Canada, he was named Developer of the Year in 1996 by the Prospectors and Developers Association of Canada for his work in establishing and financing companies engaged in mineral exploration and development around the world.

Mr. Friedland graduated from Reed College, Oregon, in 1974 with an undergraduate degree in political science.

**Principal Occupation, Business or Employment<sup>(1)</sup>**

Chairman of the Corporation (March 1994 – present); President of the Corporation (March 1994 – July 1994; March 2003 – January 2004); Chairman, Ivanhoe Capital Corporation (January 1991 – present); President, Ivanhoe Capital Corporation (July 1988 – present); Executive Chairman, President and Chief Executive Officer, Ivanhoe Energy Inc. (May 2008 – present); Chairman and Non-Executive Director, Ivanhoe Australia Limited (2007 – present), Director and Chairman, Potash One Inc. (2009- present)

Board/Committee Membership:	2009 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	3 of 8	38%	Ivanhoe Energy Inc. (TSX; NASDAQ)(13)	1995
Executive Committee	0 of 0	N/A	Ivanhoe Australia Limited (ASX)(13)	2007
Total:	3 of 8	38%	Potash One Inc. (TSX) (Chair)	2009

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2)</sup>:**

Company Name	Year	Common Shares	Total Market Value of Common Shares <sup>(5)</sup>
Ivanhoe Mines Ltd.	2010	96,881,622	C\$1,677,989,693
	2009	96,881,622	C\$708,204,657
SouthGobi Energy Resources Ltd.	2010	Nil	Nil
	2009	Nil	Nil
Ivanhoe Australia Limited	2010	2,000,000	A\$6,980,000
	2009	Nil	Nil

**Options Held: <sup>(12)</sup>**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
May 8, 2009	May 8, 2016	1,500,000	375,000 / 1,125,000 <sup>(16)</sup>	C\$8.20	1,500,000	C\$13,680,000
Oct. 9, 2009	Oct. 9, 2016	250,000	Nil/250,000 <sup>(8)</sup>	C\$13.76	250,000	C\$890,000
					Total	C\$14,570,000

**Options Held in Publicly Traded Affiliates of the Corporation:**

Name of Affiliate	Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
SouthGobi Energy Resources Ltd.	Nov. 27, 2008	Nov. 27, 2013	125,000	41,250/ 83,750	C\$5.10	125,000	C\$1,405,000
SouthGobi Energy Resources Ltd.	July 9, 2008	July 9, 2013	250,000	82,500 /167,500	C\$18.86	250,000	Nil
Ivanhoe Australia Limited	Aug. 6, 2008	n/a	4,000,000	Nil / 2,000,000	Nil <sup>(14)</sup>	2,000,000	A\$6,980,000

**Value of Equity at Risk:**

Year	Common Shares <sup>(5)</sup>	Unexercised Options <sup>(7)</sup>	Total
2010	C\$1,677,989,693	C\$14,570,000	C\$1,692,559,695
2009	C\$708,204,657	Nil	C\$708,204,657



**Peter G. Meredith**  
 Vancouver,  
 British Columbia, Canada  
 Age: 66  
 Deputy Chairman  
 Director Since: 2005<sup>(15)</sup>  
**Director Status:**  
 Non-Independent  
 (Management)  
**Areas of Experience:**  
 CEO/Board  
 Finance  
 Mining Industry  
 Financially Literate  
 Public Capital Markets

Peter Meredith became the Corporation's Deputy Chairman in May 2006 and oversees the Corporation's business development and corporate relations. Mr. Meredith was the Corporation's CFO from May 2004 to May 2006 and from June 1999 to November 2001. He was the CEO of SouthGobi Energy Resources Ltd. from June 2007 until October 2009, at which time he was appointed chairman of SouthGobi.

Prior to joining the Corporation, Mr. Meredith spent 31 years with Deloitte & Touche LLP, Chartered Accountants, and retired as a partner in 1996. Mr. Meredith is a Chartered Accountant, a Certified Management Accountant and a member of the Canadian Institute of Chartered Accountants.

**Principal Occupation, Business or Employment<sup>(1)</sup>**

Deputy Chairman (May 2006 – present); Chief Financial Officer of the Corporation (June 1999 – November 2001; May 2004 – May 2006); Chairman, SouthGobi Energy Resources Ltd. (October 2009 – present); Chief Financial Officer, Ivanhoe Capital Corporation (1996 – March 2009); Senior Partner, Deloitte & Touche LLP, chartered accountants (1966 – 1996).

Board/Committee Membership:	2009 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	7 of 8	88%	Ivanhoe Energy Inc. (TSX; NASDAQ) <sup>(13)</sup>	2007
Currency Advisory Committee	2 of 2	100%	SouthGobi Energy Resources Ltd. (TSX)(SEHK) <sup>(13)</sup>	2003
Executive Committee	0 of 0	N/A	Entrée Gold Inc. (TSX; AMEX) (Audit Committee – Chair; Compensation Committee)	2002
<b>Total:</b>	<b>9 of 10</b>	<b>90%</b>	Great Canadian Gaming Corporation (TSX) (Compensation Committee – Chair; Audit & Risk Committee)	2000
			Ivanhoe Australia Limited (ASX) <sup>(13)</sup> (Nomination, Governance and Remuneration Committee)	2007

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2):</sup>**

Company Name	Year	Common Shares	Total Market Value of Common Shares <sup>(5)</sup>
Ivanhoe Mines Ltd.	2010	48,500	C\$840,020
	2009	45,000	C\$328,950
SouthGobi Energy Resources Ltd.	2010	Nil	Nil
	2009	Nil	Nil
Ivanhoe Australia Limited	2010	250,000	A\$872,500
	2009	Nil	Nil

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
Oct. 9, 2009	Oct.9, 2016	250,000	Nil/250,000 <sup>(8)</sup>	C\$13.76	250,000	C\$890,000
July 23, 2009	July 23, 2016	200,000	Nil/200,000 <sup>(9)</sup>	C\$8.77	200,000	C\$1,710,000
May 8, 2009	May 8, 2016	750,000	187,500/ 562,500 <sup>(16)</sup>	C\$8.20	750,000	C\$6,840,000
Nov 13, 2008	Nov. 13, 2015	420,000	Nil/ 315,000 <sup>(11)(17)</sup>	C\$2.82	315,000	C\$4,567,500
Sept 22, 2008	Sept. 22, 2013	250,000	Nil/ 187,500 <sup>(12)(18)</sup>	C\$8.35	187,500	C\$1,681,875
Mar. 27, 2006	Mar. 27, 2013	400,000	400,000/Nil	C\$9.73	400,000	C\$3,036,000
						Total: C\$18,725,375

**Options Held in Publicly Traded Affiliates of the Corporation:**

Name of Affiliate	Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
SouthGobi Energy Resources Ltd	Aug. 5, 2009	Aug. 5, 2014	75,000	Nil/75,000	C\$12.99	75,000	C\$251,250
SouthGobi Energy Resources Ltd.	Nov. 27, 2008	Nov. 27, 2013	75,000	24,750/ 50,250	C\$5.10	75,000	C\$843,000
SouthGobi Energy Resources Ltd.	Aug. 27, 2008	Aug. 27, 2013	100,000	33,000/ 67,000	C\$15.07	100,000	C\$127,000
SouthGobi Energy Resources Ltd.	June 22, 2007	June 22, 2012	495,000	415,000/Nil	C\$6.00	415,000 <sup>(19)</sup>	C\$4,291,100
Ivanhoe Australia Limited	Aug. 6, 2008	n/a	500,000	Nil / 250,000	Nil <sup>(14)</sup>	250,000	A\$872,500

**Value of Equity at Risk:**

Year	Common Shares <sup>(5)</sup>	Unexercised Options <sup>(7)</sup>	Total
2010	C\$840,020	C\$18,725,375	C\$19,565,395
2009	C\$328,950	C\$1,885,800	C\$2,214,750



**John A. Macken**  
Somerville, Massachusetts,  
U.S.A.

Age: 58  
President and Chief  
Executive Officer  
Director Since: 2003<sup>(15)</sup>

**Director Status:**  
Non-Independent  
(Management)

**Areas of Experience:**  
CEO/Board  
Exploration  
Engineering  
Mining Industry  
Project Development and  
Management  
Managing/Leading Growth

John Macken joined the Corporation in November 2003 and is its President and Chief Executive Officer. He has been a member of the Corporation's Executive Committee since its formation in March 2005. Prior to joining the Corporation, Mr. Macken had spent 19 years with Freeport McMoran Copper and Gold, most recently as Freeport's Senior Vice-President of Strategic Planning and Development. Mr. Macken was the Chairman of SouthGobi Energy Resources Ltd. from June 2007 until October 2009.

Mr. Macken spent a total of 13 years with Freeport's operating unit, P.T. Freeport Indonesia. He culminated his tour of duty as Executive Director PT FI and the General Manager of the Grasberg open pit and underground mining complex in Papua, the world's largest single copper and gold mine, and from 1996 to 2000 he held the position of Senior Vice-President, Strategic Planning and Development at Freeport's corporate office. Between 1996 and 1998, Mr. Macken headed and completed ahead of schedule and under budget an expansion valued at almost US\$1 billion at the Grasberg mining complex. Mr. Macken graduated from Trinity College in Dublin in 1976 with a BA and BAI (Hon) in engineering.

**Principal Occupation, Business or Employment<sup>(1)</sup>**

Chief Executive Officer of the Corporation (May 2006 - present); President of the Corporation (January 2004 – present)

Board/Committee Membership:	2009 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	7 of 8	88%	SouthGobi Energy Resources Ltd. (TSX) (Hong Kong) <sup>(13)</sup>	2007
Executive Committee	0 of 0	N/A	Western Lithium Corporation (TSX-V) Ivanhoe Australia Limited (ASX) (Safety, Health and Environmental Committee - Chair)	2008 2007
<b>Total:</b>	<b>7 of 8</b>	<b>88%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2):</sup>**

Company Name	Year	Common Shares	Total Market Value of Common Shares <sup>(5)</sup>
Ivanhoe Mines Ltd.	2010	98,659	C\$1,708,774
	2009	87,403	C\$638,916
SouthGobi Energy Resources Ltd.	2010	Nil	Nil
	2009	Nil	Nil
Ivanhoe Australia Limited	2010	250,000	A\$872,500
	2009	Nil	Nil

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
Oct. 9, 2009	Oct. 9, 2016	250,000	Nil /250,000 <sup>(8)</sup>	C\$13.76	250,000	C\$890,000
May 8, 2009	May 8, 2016	1,500,000	375,000/ 1,125,000 <sup>(10)</sup>	C\$8.20	1,500,000	C\$13,680,000
Nov. 13, 2008	Nov. 13, 2015	900,000	225,000/ 675,000 <sup>(11)</sup>	C\$2.82	900,000	C\$13,050,000
Sept. 22, 2008	Sept. 22, 2013	250,000	62,500/ 187,500 <sup>(12)</sup>	C\$8.35	250,000	C\$2,242,500
Mar. 27, 2006	Mar. 27, 2013	2,000,000	1,000,000/ Nil <sup>(20)</sup>	C\$9.73	1,000,000	C\$7,590,000
Mar. 30, 2004	Mar. 30, 2014	1,000,000	1,000,000 / Nil	C\$7.78	1,000,000	C\$9,540,000
						Total: C\$46,992,500

**Options Held in Publicly Traded Affiliates of the Corporation:**

Name of Affiliate	Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
SouthGobi Energy Resources Ltd.	Aug. 5, 2009	Aug. 5, 2014	36,000	Nil/36,000	C\$12.99	36,000	C\$120,600
SouthGobi Energy Resources Ltd.	Nov. 27, 2008	Nov. 27, 2013	40,000	13,200/ 26,800	C\$5.10	40,000	C\$449,600
SouthGobi Energy Resources Ltd.	Aug. 27, 2008	Aug. 27, 2013	50,000	16,500/ 33,500	C\$15.07	50,000	C\$63,500
SouthGobi Energy Resources Ltd.	June 22, 2007	June 22, 2012	250,000	250,000/ Nil	C\$6.00	250,000	C\$2,585,500
Ivanhoe Australia Limited	Aug. 6, 2008	n/a	500,000	Nil/ 250,000	Nil <sup>(14)</sup>	250,000	A\$872,500

**Value of Equity at Risk:**

Year	Common Shares <sup>(5)</sup>	Unexercised Options <sup>(7)</sup>	Total
2010	C\$1,708,774	C\$46,992,500	C\$48,701,274
2009	C\$638,916	C\$4,041,000	C\$4,679,916



**David Huberman**  
 Vancouver, British Columbia  
 Canada  
 Age: 75  
 Lead Director  
 Director Since: 2003<sup>(15)</sup>  
**Director Status:**  
 Independent  
**Areas of Experience:**  
 Board  
 Legal  
 Finance  
 Governance  
 Compensation  
 Mining Industry

David Huberman is the President of Coda Consulting Corp., a law and business consulting firm. He practiced business law from 1972 until 1996 as a senior partner of a Canadian business law firm, specializing in corporate, commercial, banking, securities, regulatory and mining law. From 1997 to 1999, he served as Executive Vice President and General Counsel of Lions Gate Entertainment Corp.

Mr. Huberman received his B.A. and LL.B. from the University of British Columbia and his LL.M. from Harvard Law School. He was called to the British Columbia bar in 1960 and was a full time member of the Faculty of Law at the University of British Columbia from 1960 to 1972, focusing on corporate, securities and administrative law.

Mr. Huberman was appointed to the Corporation's Board of Directors as Lead Independent Director in September, 2003 and as Chairman of the Corporate Governance & Nominating Committee and the Compensation & Benefits Committee in November, 2003. He has been a member of the Corporation's Executive Committee since its formation in March, 2005. Mr. Huberman is a member of the Institute of Corporate Directors.

**Principal Occupation, Business or Employment<sup>(1)</sup>**

President, Coda Consulting Corp. (1993 – present)

Board/Committee Membership:	2009 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors - <b>Lead Director</b>	8 of 8	100%	n/a	n/a
Corporate Governance & Nominating Committee - <b>Chairman</b>	4 of 4	100%		
Compensation & Benefits Committee - <b>Chairman</b>	5 of 5	100%		
Non-Management Directors	0 of 0	N/A		
Executive Committee	0 of 0	N/A		
<b>Total:</b>	<b>17 of 17</b>	<b>100%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2)</sup>:**

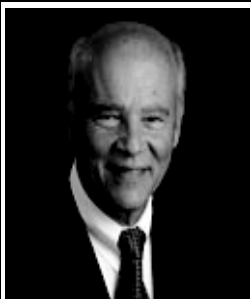
Company Name	Year	Common Shares	Total Market Value of Common Shares <sup>(6)</sup>	Minimum Share Ownership Required <sup>(4)</sup>
Ivanhoe Mines Ltd.	2010	70,558	C\$1,222,065	C\$120,000 (meets requirement)
	2009	90,558	C\$661,979	
SouthGobi Energy Resources Ltd.	2010	Nil	Nil	
	2009	Nil	Nil	
Ivanhoe Australia Limited	2010	Nil	Nil	
	2009	Nil	Nil	

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
May 8, 2009	May 8, 2016	50,000	Nil/50,000 <sup>(10)</sup>	C\$8.20	50,000	C\$456,000
Nov. 13, 2008	Nov. 13, 2015	22,500	Nil/ 16,875 <sup>(11)(21)</sup>	C\$2.82	16,875	C\$244,688
May 9, 2008	May 9, 2013	25,000	8,125/Nil <sup>(22)</sup>	C\$9.64	8,125	C\$62,400
May 11, 2007	May 11, 2012	25,000	25,000/Nil	C\$13.35	25,000	C\$99,250
May 12, 2006	May 12, 2011	25,000	25,000/Nil	C\$10.56	25,000	C\$169,000
						Total: C\$1,031,338

**Value of Equity at Risk:**

Year	Common Shares <sup>(5)</sup>	Unexercised Options <sup>(7)</sup>	Total
2010	C\$1,222,065	C\$1,031,338	C\$2,253,402
2009	C\$661,979	C\$101,025	C\$763,004



**David Korbin**  
West Vancouver, British Columbia, Canada  
Age: 68  
Director Since: 2006<sup>(15)</sup>

**Director Status:**  
Independent

**Areas of Experience:**  
Board  
Financial  
Governance  
Compensation  
Financially Literate

David Korbin, a management and financial consultant, was appointed to the Corporation's Board of Directors in May 2006. From 2001 to May 2007, he was Director of E-Comm Emergency Communications for Southwest British Columbia Incorporated, serving as Chair of the Board of Directors from 2004 and Chair of their audit committee from 2002 to 2003. From 1992 to 2000, he was a director of the Vancouver General Hospital and the Vancouver Hospital and Health Sciences Centre, serving as Chair of the Audit Committee from 1993 to 1994 and Chair of the Vancouver Hospital and Health Sciences Centre from 1995 to 1998.

Mr. Korbin qualified as a Chartered Accountant in 1966, and prior to 1987 served as managing partner of a number of smaller accounting firms. From 1987 to 1990, he was a managing partner of the Vancouver office of Deloitte Haskins and Sells and from 1990 to 1992 he was managing partner of Deloitte & Touche LLP. Mr. Korbin was also on the national board of both Deloitte Haskins and Sells and Deloitte & Touche during his tenure as managing partner.

Mr. Korbin is a member of the Institute of Corporate Directors.

**Principal Occupation, Business or Employment<sup>(1)</sup>**

Independent Financial Consultant

Board/Committee Membership:	2010 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	7 of 8	88%	Ivanhoe Australia Limited (ASX) <sup>(17)</sup> (Audit and Finance Committee)	2007
Audit Committee – <b>Chairman</b>	4 of 4	100%		
Compensation & Benefits Committee	5 of 5	100%		
Currency Advisory Committee	2 of 2	100%		
Non-Management Directors	0 of 0	N/A		
<b>Total:</b>	<b>18 of 19</b>	<b>95%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2)</sup>:**

Company Name	Year	Common Shares	Total Market Value of Common Shares <sup>(5)</sup>	Minimum Share Ownership Required <sup>(4)</sup>
Ivanhoe Mines Ltd.	2010	20,000	C\$346,400	C\$120,000 (meets requirement)
	2009	20,000	C\$146,200	
SouthGobi Energy Resources Ltd.	2010	1,000	C\$16,340	
	2009	Nil	Nil	
Ivanhoe Australia Limited	2010	60,000	A\$209,400	
	2009	Nil	Nil	

**Options Held:**

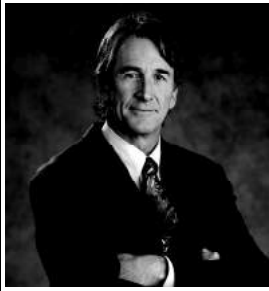
Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
May 8, 2009	May 8, 2016	50,000	Nil/50,000 <sup>(10)</sup>	C\$8.20	50,000	C\$456,000
Nov. 13, 2008	Nov. 13, 2015	22,500	Nil/16,875 <sup>(11)(23)</sup>	C\$2.82	16,875	C\$244,688
May 9, 2008	May 9, 2013	25,000	25,000/Nil	C\$9.64	25,000	C\$192,000
May 11, 2007	May 11, 2012	25,000	25,000/Nil	C\$13.35	25,000	C\$99,250
May 12, 2006	May 12, 2011	25,000	10,000/Nil <sup>(34)</sup>	C\$10.56	10,000	C\$67,600
						Total: C\$1,059,538

**Options Held in Publicly Traded Affiliates of the Corporation:**

Name of Affiliate	Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
Ivanhoe Australia Limited <sup>(14)</sup>	Aug. 6, 2008	n/a	100,000	Nil / 50,000	Nil <sup>(14)</sup>	50,000	A\$174,500

**Value of Equity at Risk:**

Year	Common Shares <sup>(5)</sup>	Unexercised Options <sup>(7)</sup>	Total
2010	C\$346,400	C\$1,059,538	C\$1,405,938
2009	C\$146,200	C\$101,025	C\$247,225



**R. Edward Flood**  
Ketchum, Idaho  
United States  
Age: 64  
Director Since: 1995<sup>(15)</sup>

**Director Status:**  
Non-Independent<sup>(3)</sup>

**Areas of Experience:**  
CEO/Board  
Finance  
Geology  
Exploration  
Mining Industry  
Financially Literate  
Project Development  
Public Capital Markets

Ed Flood has been a director of Ivanhoe Mines since its founding in 1994 and was also its founding President until May 1999. He is the Chairman of Western Uranium Corporation, a mineral exploration corporation with a focus on uranium. Mr. Flood served as Deputy Chairman of Ivanhoe Mines Ltd. until February 2007, assisting in developing Ivanhoe's growth and its establishment as a significant presence in Asia's mineral exploration and mining sectors. Prior to joining Ivanhoe, from 1993 to 1995, Mr. Flood was a principal at Robertson Stephens & Co., a U.S. investment bank, and a member of Robertson Stephens' investment team. From 1983 to 1993, he served as Manager, Project Evaluation for NERCO Minerals Corporation. He also held the position of senior mining analyst with Haywood Securities Inc. from 1999 to 2001 and Managing Director, Investment Banking, Haywood Securities (UK) Ltd. from March 2007 to March 2010. Mr. Flood holds a Master of Science in Geology from the University of Montana and a Bachelor in Science in Geology from the University of Nevada. He is a member of the Institute of Corporate Directors.

**Principal Occupation, Business or Employment<sup>(4)</sup>**

Chairman of Western Uranium Corporation (March 2007 – present); Managing Director, Investment Banking, Haywood Securities (UK) Ltd. (March 2007 – March 2010); Deputy Chairman of Ivanhoe (May 1999 – February 2007); Senior Mining Analyst, Haywood Securities Inc. (May 1999 – November 2001), President of the Corporation (1995 – 1999)

Board/Committee Membership:	2010 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	6 of 8	75%	Western Uranium Corporation (TSX-V) – Chairman	2007
Non Management Directors	0 of 0	N/A	Western Lithium Canada Corporation (TSX-V)	2008
<b>Total:</b>	<b>6 of 8</b>	<b>75%</b>	SouthGobi Energy Resources Ltd. (TSX) (Hong Kong)	2003

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2)</sup>:**

Company Name	Year	Common Shares	Total Market Value of Common Shares <sup>(5)</sup>
Ivanhoe Mines Ltd.	2010	102,534	C\$1,775,889
	2009	102,534	C\$749,524
SouthGobi Energy Resources Ltd.	2010	Nil	Nil
	2009	Nil	Nil
Ivanhoe Australia Limited	2010	Nil	Nil
	2009	Nil	Nil

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
May 8, 2009	May 8, 2016	50,000	Nil/50,000 <sup>(10)</sup>	C\$8.20	50,000	C\$456,000
Nov. 13, 2008	Nov. 13, 2015	64,500	16,125/48,375 <sup>(11)</sup>	C\$2.82	64,500	C\$935,250
May 9, 2008	May 9, 2013	25,000	25,000/Nil	C\$9.64	25,000	C\$192,000
May 11, 2007	May 11, 2012	25,000	25,000/Nil	C\$13.35	25,000	C\$99,250
Mar. 27, 2006	Mar. 27, 2013	300,000	165,000/Nil	C\$9.73	165,000	C\$1,252,350
						<b>Total: C\$2,934,850</b>

**Options Held in Publicly Traded Affiliates of the Corporation:**

Name of Affiliate	Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
SouthGobi Energy Resources Ltd.	May 6, 2009	May 6, 2014	35,000	Nil/35,000	C\$10.21	35,000	C\$214,550
SouthGobi Energy Resources Ltd.	Nov. 27, 2008	Nov. 27, 2013	20,000	6,600/13,400	C\$5.10	20,000	C\$224,800
SouthGobi Energy Resources Ltd.	May 21, 2008	May 21, 2013	25,000	25,000/Nil	C\$13.80	25,000	C\$63,500
SouthGobi Energy Resources Ltd.	June 22, 2007	June 22, 2012	50,000	33,334/Nil	C\$6.00	33,334	C\$344,674
SouthGobi Energy Resources Ltd.	Apr. 17, 2007	Apr. 17, 2012	25,000	16,667/Nil	C\$4.81	16,667	C\$192,171

**Value of Equity at Risk:**

Year	Common Shares <sup>(5)</sup>	Unexercised Options <sup>(7)</sup>	Total
2010	C\$1,775,889	C\$2,934,850	C\$4,710,739
2009	C\$749,524	C\$289,605	C\$1,039,129





**Kjeld R. Thygesen**  
 London, England  
 Age: 62  
 Director Since: 2001<sup>(15)</sup>  
**Director Status:**  
 Independent  
**Areas of Experience:**  
 Finance  
 Banking  
 Governance  
 Compensation  
 Mining Industry  
 Financially Literate  
 Public Capital Markets

Kjeld Thygesen is the Managing Director of Lion Resource Management. He has over 30 years experience as an analyst and fund manager in the resource sector. A graduate of the University of Natal in South Africa, he joined African Selection Trust, a subsidiary of Selection Trust Limited, in 1970, researching and managing a portfolio of South African mining companies.

In 1972, Mr. Thygesen joined James Capel & Co. in London, England and served as a member of their gold and mining research team. In 1979, he joined N.M. Rothschild & Sons Limited as manager of its Commodities and Natural Resources Department with overall responsibility for strategy and management of commodity trusts and precious metal funds. Mr. Thygesen became an executive director of N.M. Rothschild Asset Management Limited in 1984 and N.M. Rothschild International Asset Management Limited in 1987. Mr. Thygesen left the N.M. Rothschild Group in 1989 to co-found Lion Resource Management Limited, an FSA regulated and SEC registered specialist investment manager in the mining and natural resources sector. Mr. Thygesen is a member of the Institute of Corporate Directors.

**Principal Occupation, Business or Employment<sup>(1)</sup>**

Managing Director of Lion Resource Management (May 1989 – present)

Board/Committee Membership:	2009 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	7 of 8	88%	Superior Mining International Corporation (TSX-V)	2005
Audit Committee	4 of 4	100%		
Corporate Governance & Nominating Committee	4 of 4	100%		
Non-Management Directors	0 of 0	N/A		
<b>Total:</b>	<b>15 of 16</b>	<b>94%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2)</sup>:**

Company Name	Year	Common Shares	Total Market Value of Common Shares <sup>(5)</sup>	Minimum Share Ownership Required <sup>(4)</sup>
Ivanhoe Mines Ltd.	2010	175,000	C\$3,031,000	C\$120,000 (meets requirement)
	2009	150,000	C\$1,096,500	
SouthGobi Energy Resources Ltd.	2010	Nil	Nil	
	2009	Nil	Nil	
Ivanhoe Australia Limited	2010	Nil	Nil	
	2009	Nil	Nil	

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
May 8, 2009	May 8, 2016	50,000	Nil/50,000 <sup>(10)</sup>	C\$8.20	50,000	C\$456,000
Nov. 13, 2008	Nov. 13, 2015	30,000	7,500/22,500 <sup>(11)</sup>	C\$2.82	30,000	C\$435,000
May 9, 2008	May 9, 2013	25,000	25,000/Nil	C\$9.64	25,000	C\$192,000
May 11, 2007	May 11, 2012	25,000	25,000/Nil	C\$13.35	25,000	C\$99,250
May 12, 2006	May 12, 2011	25,000	25,000/Nil	C\$10.56	25,000	C\$169,000
May 10, 2005	May 10, 2010	25,000	25,000/Nil	C\$9.37	25,000	C\$198,750
						Total: C\$1,550,000

**Value of Equity at Risk:**

Year	Common Shares <sup>(5)</sup>	Unexercised Options <sup>(7)</sup>	Total
2010	C\$3,031,000	C\$1,550,000	C\$4,581,000
2009	C\$1,096,500	C\$142,450	C\$1,238,950



**The Hon. Robert W. Hanson**  
 London, England  
 United Kingdom  
 Age: 49  
 Director Since: 2001<sup>(15)</sup>

**Director Status:**  
 Independent

**Areas of Experience:**  
 Board  
 Finance  
 Governance  
 Compensation  
 Public Capital Markets

Robert Hanson is the Chairman of Strand Hanson Ltd., a boutique investment bank and advisory firm, Hanson Family Holdings Ltd., Hanson Capital Investments Limited and Sinojie Hanson, a specialty chemicals company operating in China. He was formerly an Associate Director of N.M. Rothschild & Sons from 1983 to 1990, serving in Hong Kong, Chile and Spain. From 1990 to 1997, he served on the board of directors of Hanson plc and was responsible for strategy and mergers and acquisition transactions.

Mr. Hanson was educated at Eton and received his MA in English Language & Literature from St Peter's College, Oxford.

Mr. Hanson is a member of the Institute of Corporate Directors.

**Principal Occupation, Business or Employment<sup>(1)</sup>**

Chairman, Hanson Capital Investments Limited (February 1998 – present); Chairman, Strand Hanson Ltd. (October 2009 - present), Sinojie Hanson (2010-present), and Hanson Family Holdings Ltd. (May 1990 – present).

Board/Committee Membership:	2009 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	8 of 8	100%	SouthGobi Energy Resources Ltd. (TSX)(SEHK) (Nominating and Corporate Governance Committee – Chair, Compensation & Benefits Committee, Environmental, Health & Safety Committee)	2007
Corporate Governance & Nominating Committee	4 of 4	100%		
Compensation & Benefits Committee	5 of 5	100%		
Non-Management Directors	0 of 0	N/A		
<b>Total:</b>	<b>17 of 17</b>	<b>100%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2):</sup>**

Company Name	Year	Common Shares	Total Market Value of Common Shares <sup>(5)</sup>	Minimum Share Ownership Required <sup>(4)</sup>
Ivanhoe Mines Ltd.	2010	50,000	C\$866,000	C\$120,000 (meets requirement)
	2009	50,000	C\$365,500	
SouthGobi Energy Resources Ltd.	2010	34,000	C\$555,560	
	2009	44,000	C\$464,200	
Ivanhoe Australia Limited	2010	Nil	Nil	
	2009	Nil	Nil	

**Options Held:**

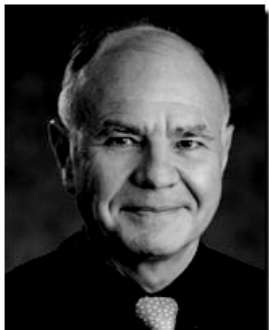
Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
May 8, 2009	May 8, 2016	50,000	Nil/50,000 <sup>(10)</sup>	C\$8.20	50,000	C\$456,000
Nov. 13, 2008	Nov. 13, 2015	22,500	5,625/16,875 <sup>(11)</sup>	C\$2.82	22,500	C\$326,250
May 9, 2008	May 9, 2013	25,000	25,000/Nil	C\$9.64	25,000	C\$192,000
May 11, 2007	May 11, 2012	25,000	25,000/Nil	C\$13.35	25,000	C\$99,250
May 12, 2006	May 12, 2011	25,000	25,000/Nil	C\$10.56	25,000	C\$169,000
						Total: C\$1,242,500

**Options Held in Publicly Traded Affiliates of the Corporation:**

Name of Affiliate	Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
SouthGobi Energy Resources Ltd.	May 6, 2009	May 6, 2014	35,000	Nil/35,000	C\$10.21	35,000	C\$214,550
SouthGobi Energy Resources Ltd.	Nov. 27, 2008	Nov. 27, 2013	20,000	6,600/13,400	C\$5.10	20,000	C\$224,800
SouthGobi Energy Resources Ltd.	May 21, 2008	May 21, 2013	25,000	25,000/Nil	C\$13.80	25,000	C\$63,500
SouthGobi Energy Resources Ltd.	June 30, 2006	June 30, 2011	150,000	48,000/Nil	C\$2.30	48,000	C\$673,920

**Value of Equity at Risk:**

Year	Common Shares <sup>(5)</sup>	Unexercised Options <sup>(7)</sup>	Total
2010	C\$866,000	C\$1,242,500	C\$2,108,500
2009	C\$365,500	C\$101,025	C\$466,525



**Dr. Markus Faber**  
 Hong Kong  
 Age: 64  
 Director Since: 2002<sup>(15)</sup>  
**Director Status:**  
 Independent  
**Areas of Experience:**  
 Finance  
 Commodities  
 Financially Literate  
 Emerging Markets  
 Public Capital Markets  
 International Currencies

Markus Faber is the Managing Director of Marc Faber Ltd., an investment advisory and fund management firm. Dr. Faber also acts as a director and advisor to a number of private investment funds, publishes a widely read monthly investment newsletter entitled "The Gloom, Boom & Doom Report" and is the author of several books including "Tomorrow's Gold – Asia's Age of Discovery". Dr. Faber is a regular contributor to several leading financial publications around the world, including Barron's. Dr. Faber has over 35 years experience in the finance industry, including acting as manager of an investment bank in the U.S. in which he routinely performed financial analysis on a range of companies.

Dr. Faber received his PhD in Economics magna cum laude from the University of Zurich. He is a member of the Institute of Corporate Directors.

**Principal Occupation, Business or Employment<sup>(1)</sup>**

Managing Director, Marc Faber Ltd. (June 1990 – present)

Board/Committee Membership:	2009 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	7 of 8	88%	n/a	n/a
Audit Committee	4 of 4	100%		
Currency Advisory Committee	2 of 2	100%		
Non-Management Directors	0 of 0	N/A		
Compensation & Benefits Committee	5 of 5	100%		
<b>Total:</b>	<b>18 of 19</b>	<b>95%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2)</sup>:**

Company Name	Year	Common Shares	Total Market Value of Common Shares <sup>(5)</sup>	Minimum Share Ownership Required <sup>(4)</sup>
Ivanhoe Mines Ltd.	2010	25,000	C\$433,000	C\$120,000 (meets requirement)
	2009	25,000	C\$182,750	
SouthGobi Energy Resources Ltd.	2010	Nil	Nil	
	2009	Nil	Nil	
Ivanhoe Australia Limited	2010	Nil	Nil	
	2009	Nil	Nil	

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
May 8, 2009	May 8, 2016	50,000	Nil/50,000 <sup>(10)</sup>	C\$8.20	50,000	C\$456,000
Nov. 13, 2008	Nov. 13, 2015	30,000	7,500/22,500 <sup>(11)</sup>	C\$2.82	30,000	C\$435,000
May 9, 2008	May 9, 2013	25,000	25,000/Nil	C\$9.64	25,000	C\$192,000
May 11, 2007	May 11, 2012	25,000	25,000/Nil	C\$13.35	25,000	C\$99,250
May 12, 2006	May 12, 2011	25,000	25,000/Nil	C\$10.56	25,000	C\$169,000
						Total: C\$1,351,250

**Value of Equity at Risk:**

Year	Common Shares <sup>(5)</sup>	Unexercised Options <sup>(7)</sup>	Total
2010	C\$433,000	C\$1,351,250	C\$1,784,250
2009	C\$182,750	C\$134,700	C\$317,450



**Howard R. Balloch**  
 Beijing, China  
 Age: 58  
 Director Since: 2005<sup>(15)</sup>  
**Director Status:**  
 Independent  
**Areas of Experience:**  
 Finance  
 CEO/Board  
 Governance  
 Compensation  
 International Politics  
 Public Capital Markets

Howard Balloch is President and founding member of the investment advisory firm, The Balloch Group. He is currently Vice Chairman of the Canada China Business Council. Mr. Balloch was Canada's Ambassador to China from 1996 to 2001.

Mr. Balloch received his BA (Honours) in Political Science and Economics from McGill University in 1971 and his M.A. in International Relations from McGill University in 1972, and was enrolled in further post-graduate studies at the University of Toronto and at the Fondation Nationale de Sciences politiques in Paris from 1973 to 1976. Mr. Balloch is a member of the Institute of Corporate Directors.

**Principal Occupation, Business or Employment<sup>(1)</sup>**

President, The Balloch Group (July 2001 – present); Vice Chairman, Canada China Business Council (July 2001 – present); Canadian Ambassador to China, Mongolia and Democratic Republic of Korea (April 1996 – July 2001)

Board/Committee Membership:	2010 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	6 of 8	75%	Methanex Corporation (TSX; NASDAQ) (Human Resources Committee, Corporate Governance Committee, Public Policy Committee (Chair))	2004
Corporate Governance & Nominating Committee	3 of 3	100%		
Compensation & Benefits Committee	4 of 5	80%	Tiens Biotech Group (USA) Ltd. (OTCBB) (Audit Committee)	2003
Non-Management Directors	0 of 0	N/A	Ivanhoe Energy Inc. (TSX; NASDAQ) (Audit Committee, Compensation and Benefits Committee (Chair), Nominating and Corporate Governance Committee (Chair))	2002
<b>Total:</b>	<b>13 of 17</b>	<b>76%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2)</sup>:**

Company Name	Year	Common Shares	Total Market Value of Common Shares <sup>(5)</sup>	Minimum Share Ownership Required <sup>(4)</sup>
Ivanhoe Mines Ltd.	2010	47,500	C\$822,700	C\$120,000 (meets requirement)
	2009	40,000	C\$292,400	
SouthGobi Energy Resources Ltd.	2010	Nil	Nil	
	2009	Nil	Nil	
Ivanhoe Australia Limited	2010	Nil	Nil	
	2009	Nil	Nil	

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
May 8, 2009	May 8, 2016	50,000	Nil/50,000 <sup>(10)</sup>	C\$8.20	50,000	C\$456,000
Nov. 13, 2008	Nov. 13, 2015	30,000	Nil/22,500 <sup>(11)(25)</sup>	C\$2.82	22,500	C\$326,250
May 9, 2008	May 9, 2013	25,000	25,000/Nil	C\$9.64	25,000	C\$192,000
May 11, 2007	May 11, 2012	25,000	25,000/Nil	C\$13.35	25,000	C\$99,250
May 12, 2006	May 12, 2011	25,000	25,000/Nil	C\$10.56	25,000	C\$169,000
						Total: C\$1,242,500

**Value of Equity at Risk:**

Year	Common Shares <sup>(5)</sup>	Unexercised Options <sup>(7)</sup>	Total
2010	C\$433,000	C\$1,242,500	C\$1,675,500
2009	C\$292,400	C\$134,700	C\$427,100



**Andrew Harding**

Age: 43  
Director Since: 2009<sup>(15)</sup>

**Director Status:**  
Non-Independent<sup>(3)</sup>

**Areas of Experience:**  
CEO/Board  
Mining Industry  
Financially Literate  
Project Development  
Managing/Leading Growth

Andrew Harding was appointed as Chief Executive of Rio Tinto's Global Copper Product Group on November 1, 2009 and is based in London, England. Prior to his current position, Mr. Harding was President and Chief Executive Officer at Rio Tinto's Kennecott Utah Copper in Salt Lake City.

Mr. Harding has also previously served as Global Practice Leader for Mining in Rio Tinto's Technology and Innovation Group where he focused on leading performance improvement initiatives, and he has held a variety of operations positions throughout his career in Rio Tinto's iron ore, energy and aluminum businesses in Australia. Mr. Harding has been with Rio Tinto for 18 years.

Mr. Harding holds an MBA from Deakin University in Australia and a Bachelor of Mining Engineering degree from University of New South Wales in Australia.

**Principal Occupation, Business or Employment<sup>(1)</sup>**

Chief Executive, Rio Tinto Global Copper Product Group

Board/Committee Membership:	2009 Attendance:		Other Public Company Board Membership:	
			Company	Since
Board of Directors		n/a <sup>(26)</sup>	n/a	n/a
<b>Total:</b>				

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2)</sup>:**

Company Name	Year	Common Shares	Total Market Value of Common Shares <sup>(5)</sup>
Ivanhoe Mines Ltd.	2010	Nil	Nil
	2009	Nil	Nil
SouthGobi Energy Resources Ltd.	2010	Nil	Nil
	2009	Nil	Nil
Ivanhoe Australia Limited	2010	Nil	Nil
	2009	Nil	Nil

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
n/a	n/a	Nil	n/a	n/a	n/a	n/a

**Value of Equity at Risk:**

Year	Common Shares <sup>(5)</sup>	Unexercised Options <sup>(7)</sup>	Total
2010	Nil	Nil	Nil
2009	Nil	Nil	Nil



**Livia Mahler**  
 Vancouver, British Columbia,  
 Canada  
 Age: 50  
 Director Since: March 2009<sup>(15)</sup>  
**Director Status:**  
 Independent  
**Areas of Experience:**  
 Board  
 Finance  
 Public Company  
 Financially Literate  
 Public Capital Markets  
 Finance and International  
 Business

Livia Mahler is a partner and co-founder of Greenstone Venture Partners, a Vancouver based venture capital fund targeting private early-stage technology companies in the area of information technologies. The \$40M fund was formed in 2000 and attracted institutional investors from Canada, USA and Asia. Ms. Mahler's role includes all aspects of fund management such as fundraising, identifying investment opportunities, performing due diligence and ongoing monitoring of portfolio companies.

A venture capitalist since 1994, she has invested broadly across the technology sector. Prior to Greenstone, Ms. Mahler spent 6 years as a Senior Investment Manager for the Business Development Bank of Canada and was a founding General Partner for the Western Technology Seed Investment Fund. Her previous experience also includes 7 years as a medical researcher at the University of British Columbia and a financial analyst position with the City of Vancouver. Her teaching assignments include lecturing for five years at the Financial Institutions for Private Enterprise Development program at Harvard University.

Ms. Mahler received a Bachelor of Science degree from the Hebrew University of Jerusalem in 1981 and an MBA from the University of British Columbia in 1991. Ms. Mahler is a member of the Canadian Venture Capital Association, Institutional Investors Committee. Ms. Mahler is a member of the Institute of Corporate Directors and sits on the Advisory Board of the Maurice Young Entrepreneurship and Venture Capital Research Centre at the University of British Columbia's Sauder School of Business.

**Principal Occupation, Business or Employment<sup>(1)</sup>**

Partner and co-founder, Greenstone Venture Partners (February 2000 – present)

Board/Committee Membership:	2009 Attendance:		Other Public Company Board Membership:	
			Company	Since
Board of Directors	8 of 8	100%	n/a	n/a
Audit	2 of 2	100%		
Corporate Governance	2 of 2	100%		
<b>Total:</b>	<b>12 of 12</b>	<b>100%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2)</sup>:**

Company Name	Year	Common Shares	Total Market Value of Common Shares <sup>(5)</sup>	Minimum Share Ownership Required <sup>(4)</sup>
Ivanhoe Mines Ltd.	2010	Nil	Nil	C\$120,000 (requirement not yet met)
	2009	Nil	Nil	
SouthGobi Energy Resources Ltd.	2010	Nil	Nil	
	2009	Nil	Nil	
Ivanhoe Australia Limited	2010	Nil	Nil	
	2009	Nil	Nil	

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options <sup>(7)</sup>
May 8, 2009 <sup>(10)</sup>	May 8, 2016	50,000	Nil/50,000 <sup>(10)</sup>	C\$8.20	50,000	C\$456,000

**Value of Equity at Risk:**

Year	Common Shares <sup>(5)</sup>	Unexercised Options <sup>(7)</sup>	Total
2010	n/a	C\$456,000	C\$456,000
2009	n/a	n/a	n/a

NOTES:

- (1) The information as to principal occupation, business or employment and shares beneficially owned, controlled or directed by a nominee is not within the knowledge of the management of the Corporation and has been furnished by the nominee.
- (2) Does not include unissued Common Shares issuable upon the exercise of incentive stock options.
- (3) Pursuant to the provisions of the 2006 Rio Tinto Agreement (see "Voting Shares and Principal Holders"), Rio Tinto is entitled, but not obliged, to nominate directors to the Corporation's board of directors in proportion to Rio Tinto's holdings of the issued and outstanding Common Shares. On November 5, 2009, Mr. Harding was appointed as the nominee director for Rio Tinto. He is considered to be "non-independent" by virtue of the significant investment of Rio Tinto in the Corporation. Except as otherwise agreed, when Rio Tinto is entitled to nominate more than one director, at least half of Rio Tinto's nominees must be "independent directors" within the meaning of applicable securities laws. Rio Tinto is also entitled to nominate one financially literate and independent director to the Company's audit committee. See "Particulars of Matters to Be Acted Upon – Amendment to the Corporation's Articles, and: – Conditional Resolution to Fix the Number of Directors at Fourteen (14)", "Conditional Election of One Additional Director", and "Future Size of Board of Directors."
- (4) All non-management directors, with the exception of Mr. Andrew Harding, are required to beneficially own and hold Common Shares having a market value of at least three (3) times his or her annual cash retainer for as long as they are a director of the Corporation. These Common Shares may be held either directly in the name of the director or indirectly in the name of a company controlled by the director. The value of the Common Shares is determined annually at Dec. 31st, based on the preceding six month volume weighted average. All current independent director nominees have met this minimum shareholding requirement except for Ms. Mahler, who joined the board on March 10, 2009, and will be required to meet the requirement by March 10, 2012.
- (5) The "Total Market Value of Common Shares" is calculated by multiplying the closing price of the Common Shares of the Corporation on the Toronto Stock Exchange on March 30, 2010 (Cdn\$17.32) and March 27, 2009 (Cdn\$7.31), respectively, by the number of Common Shares held by the nominee as at March 30, 2010 and March 27, 2009, respectively.
- (6) The "Exercise Price" is the Fair Market Value on the date of approval by the Board of Directors, pursuant to the Employees' and Directors' Equity Incentive Plan.
- (7) In the case of options to acquire Common Shares of the Corporation and options to acquire common shares of the Corporation's affiliate SouthGobi Energy Resources Ltd., "Value of Unexercised Options" is calculated on the basis of the difference between the closing price of such shares on the Toronto Stock Exchange on March 30, 2010 and the Exercise Price of the options, multiplied by the number of unexercised options on March 30, 2010. In the case of the Corporation's affiliate Ivanhoe Australia Limited, "Value of Unexercised Options" is calculated similarly but using the closing price of the common shares of Ivanhoe Australia Limited on the ASX on March 30, 2010.
- (8) The October 9, 2009 option grant vests 25% on the first anniversary of the grant, and 25% on each of the three anniversaries thereafter, and will be fully vested on October 9, 2013.
- (9) The July 23, 2009 option grant vests 25% on the first anniversary of the grant, and 25% on each of the following three anniversaries thereafter, and will be fully vested on July 23, 2013.
- (10) The May 8, 2009 option grant vests 100% on the first anniversary of the grant and will therefore become fully vested on May 8, 2010.
- (11) The November 13, 2008 option grant vests 25% on the first anniversary of the grant, and 25% on each of the three anniversaries thereafter, and will be fully vested on November 13, 2012.
- (12) The September 22, 2008 option grant vests 25% on the first anniversary of the grant, and 25% on each of the three anniversaries thereafter, and will be fully vested on September 22, 2012.
- (13) Each of Messrs. Meredith, Macken, Hanson and Flood currently serve on the board of directors of SouthGobi Energy Resources Ltd.; each of Messrs. Friedland, Meredith and Balloch currently serve on the board of directors of Ivanhoe Energy Inc.; each of Messrs. Friedland, Macken, Meredith and Korbin currently serve on the board of directors of Ivanhoe Australia Limited; and each of Messrs. Friedland, Meredith and Faber currently serve on the board of directors of Ivanhoe Nickel & Platinum Ltd., a non-public company of which the Corporation owned 6.3% of the common equity as of March 30, 2010. In addition, Mr. Friedland is Executive Chairman, President and CEO of Ivanhoe Energy Inc.
- (14) Each of Messrs. Friedland, Meredith, Macken and Korbin received "performance rights" in Ivanhoe Australia Limited, a subsidiary of the Corporation, concurrent with its initial public offering on the

Australian Stock Exchange. Further details of such performance rights are provided in the table entitled "Outstanding share-based awards and option-based awards" under the heading "Summary Compensation Table for the Corporation (inclusive of the Public Subsidiaries)".

- (15) As of December 31, 2009, the average tenure of each member of the board of directors (not including Mr. Harding) is approximately seven (7) years.
- (16) The May 8, 2009 option grant vests 100% on the first anniversary of the grant and will therefore become fully vested on May 8, 2010.
- (17) Mr. Meredith exercised 5,000 options on January 26, 2010 and exercised 100,000 options on November 24, 2009.
- (18) Mr. Meredith exercised 62,500 options on January 26, 2010.
- (19) Mr. Meredith exercised 40,000 stock options on December 3, 2009 and 40,000 on December 10, 2009.
- (20) Each of Messrs. Friedland, Meredith and Macken voluntarily surrendered options in January 2009. On January 19, 2009, Mr. Meredith surrendered 2,000,000 options granted November 7, 2007 with an exercise price of C\$13.19, and 50,000 options granted November 4, 2004 with an exercise price of C\$7.69. On January 26, 2009 Mr. Friedland surrendered 2,000,000 options granted March 27, 2006 with an exercise price of C\$9.73. On January 27, 2009 Mr. Macken surrendered 1,000,000 options granted November 1, 2003 with an exercise price of C\$12.70 and 1,000,000 options granted March 27, 2006 with an exercise price of C\$9.73. The surrendered options have been returned to the Corporation's Equity Incentive Plan and are available for new option grants.
- (21) Mr. Huberman exercised 16,875 options on January 8, 2010.
- (22) Mr. Huberman exercised 5,625 option on January 8, 2010.
- (23) Mr. Korbin exercised 5,635 options on December 2, 2009.
- (24) Mr. Korbin exercised 15,000 options on January 12, 2010.
- (25) Mr. Balloch exercised 7,500 stock options on November 18, 2009.
- (26) Mr. Harding was appointed as a director following the Board meeting on November 5, 2009 and attended the meeting as an observer.

### Summary of Board and Committee Meetings Held

The following table summarizes Board and Committee meetings held during the year ended December 31, 2009:

Board of Directors	8
Compensation and Benefits Committee	5
Audit Committee	4
Corporate Governance and Nominating Committee	4
Currency Advisory Committee	2
Non-Management Directors	0
Executive Committee	0

During 2009, there were two meetings of the Board and its committees held by teleconference. There were 21 resolutions passed in writing by the Board, five by the Compensation and Benefits Committee, four by the Corporate Governance and Nominating Committee and five by the Executive Committee. No resolutions in writing were passed by the Audit or Currency Advisory Committees in 2009. Resolutions in writing must be executed by all of the directors entitled to vote on a matter.



## **CONDITIONAL ELECTION OF ONE ADDITIONAL DIRECTOR**

Pursuant to the 2006 Rio Tinto Agreement referred to above under “Voting Shares and Principal Holders”, Rio Tinto is entitled to nominate a person or persons for appointment or election to the Board from time to time in proportion to the percentage of the Corporation’s issued and outstanding Common Shares it holds. As at the date of this Management Proxy Circular, Rio Tinto is entitled to nominate up to three (3) nominees for appointment or election to the Board. Mr. Andrew Harding, an executive officer of Rio Tinto, has been nominated as one of management’s nominees for election as a Director of the Corporation at the Meeting. See “Election of Directors – Management Nominees”.

To accommodate the Corporation’s current contractual obligations to Rio Tinto, shareholders will be asked to consider, and, if thought advisable, to pass the Articles Amendment Resolution at the Meeting to increase the maximum number of directors to 14. Such resolution, if adopted, will become effective on the receipt of Articles of Amendment by the Yukon Registrar of Corporations under the Yukon Business Corporations Act and the issuance of a Certificate of Amendment in connection therewith. The Corporation intends to take such steps forthwith following completion of the Meeting if the Articles Amendment Resolution is adopted.

Rio Tinto has advised the Corporation that it wishes to nominate one additional Director for election to the Board at the Meeting. If the Articles Amendment Resolution is passed and the additional nominee is elected at the Meeting, it is intended that such nominee would join the Board immediately upon the issuance of the Certificate of Amendment forthwith after the Meeting. If the Articles Amendment Resolution is not passed, an existing Director will need to resign to accommodate the Corporation’s contractual obligation to appoint such Rio Tinto nominee Director within 30 days of the Meeting.

The following table sets out particulars of the additional nominee for election as a Director at the Meeting, in addition to the twelve management nominees set forth above, conditional upon the adoption of the Articles Amendment Resolution:



**Tracy Stevenson**  
Age: 59

**Director Status:**  
Non-Independent

**Areas of Experience:**  
Executive/Board  
Finance  
Mining Industry  
Financially Literate  
Governance  
Information Systems

Tracy Stevenson is a senior mining industry executive with international experience in finance, mergers and acquisitions, strategic planning, corporate governance, auditing, administration and information systems and technology. He worked for Rio Tinto plc and related companies for 26 years, where he held a number of senior leadership positions and was involved with many major exploration, development and financing projects.

Mr. Stevenson has served as a director of Quaterra Resources Inc. since July 2007, as its Non-Executive Chairman since February 2008, and as an independent director of Vista Gold Corp since November 2007. Mr. Stevenson is also a founding member of Bedrock Resources, LLC, a private resources financial advisory firm, since 2010, and SOS Investors LLC, a private resources investment firm, since 2008. Prior to his retirement from Rio Tinto in 2007, Mr. Stevenson was the global head of information systems and shared services for Rio Tinto. He previously served for four years as Executive Vice President, CFO and a director of Comalco Ltd., an Australia-based international aluminum company partially owned by Rio Tinto, and a further four years as CFO and a director of Kennecott Corporation, a \$3.5 billion diversified North American mining company owned by Rio Tinto. He also has "Big 5" public accounting experience with Coopers & Lybrand (now PriceWaterhouseCoopers).

Mr. Stevenson has a B.S. Accounting Magna Cum Laude from the University of Utah and is a Certified Public Accountant (license inactive).

**Principal Occupation, Business or Employment<sup>(1)</sup>**

Independent businessman and company director (2007 – present); Global Head of Information Systems & Technology, Rio Tinto plc (2006-2007); Global Head of Business Process Improvement, Rio Tinto plc (2000-2006); Interim CEO, Quadrem International Holdings Limited (2000); Executive Vice President Financial Services & Strategy, CFO and director, Comalco Ltd. (1997-2000); Senior Vice President Finance and Control, CFO and director, Kennecott Corporation (1993-97); various positions, Kennecott Corporation (1980-86; 1987-93)

Board/Committee Membership:	2009 Attendance:		Other Public Company Board Membership:	
			Company	Since
Board of Directors		N/A	Vista Gold Corp. (TSX; AMEX)	2007
<b>Total:</b>			Quaterra Resources Inc. (TSX) (Chairman)	2007

**Common Shares Beneficially Owned, Controlled or Directed<sup>(1)(2)</sup>:**

Year	Common Shares	Total market Value of Common Shares
2010	Nil	Nil
2009	Nil	Nil

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price <sup>(6)</sup>	Total Unexercised	Value of Unexercised Options
n/a	n/a	Nil	n/a	n/a	n/a	n/a

**Value of Equity at Risk:**

Year	Common Shares	Unexercised Options	Total
2010	Nil	Nil	Nil
2009	Nil	Nil	Nil

If Mr. Stevenson is elected as a Director, it is expected that he will qualify as an independent Director effective June 1, 2010 and will be appointed at that time as an additional member of the Corporation's Audit Committee in compliance with the Corporation's contractual obligations to Rio Tinto.

## FUTURE SIZE OF BOARD OF DIRECTORS

The Corporation and Rio Tinto have agreed that the size of the Board from and after the Meeting will be fourteen (14) Directors, and the shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution fixing the number of directors at fourteen (14), contingent upon the approval of the special resolution to amend the Articles of the Corporation. Rio Tinto has advised the Corporation that it intends to nominate a third director who is independent of the Corporation but has not yet determined such nominee. Pursuant to its contractual obligations to Rio Tinto, the Board is required to appoint such nominee no later than 30 days after the nomination. Rio Tinto and the Corporation expect that such appointment will be effected as soon as possible after the Meeting. Following such appointment, the Board will consist of 14 directors. If Rio Tinto becomes entitled to nominate additional Directors in accordance with its contractual rights, existing Directors will need to resign to accommodate the Corporation's contractual obligation to make such appointments within 30 days of nomination. Although Rio Tinto may exercise its share purchase warrants or convert its convertible debt (all as set forth under "Voting Shares and Principal Holders") earlier, the Corporation intends to plan for such resignations and appointments based on the expiry dates of the warrants and maturity date of the convertible debt.

## APPOINTMENT OF AUDITORS

Deloitte & Touche LLP, Chartered Accountants, will be nominated at the Meeting for re-appointment as auditors of the Corporation with their remuneration to be fixed by the Board of Directors. Deloitte & Touche LLP have been the Corporation's auditors since January 1995.

Fees billed by Deloitte & Touche LLP and its affiliates during fiscal 2009 and fiscal 2008 were approximately Cdn\$2,403,000 and Cdn\$3,330,000, respectively. The aggregate fees billed by the auditors in fiscal 2009 and fiscal 2008 are detailed below.

<i>(Canadian \$ in 000's)</i>	<u>2009</u>	<u>2008</u>
<b>Audit Fees (a)</b>	<b>\$873</b>	<b>\$1,030</b>
<b>Audit Related Fees (b)</b>	<b>1,469</b>	<b>1,960</b>
<b>Tax Fees (c)</b>	<b>26</b>	<b>43</b>
<b>All Other Fees (d)</b>	<b>35</b>	<b>297</b>
<b>Total</b>	<b>\$2,403</b>	<b>\$3,330</b>

- (a) Fees for audit services billed or expected to be billed relating to fiscal 2009 and 2008 consists of:
- audit of the Corporation's annual statutory financial statements; and
  - audit of its subsidiaries, SouthGobi Energy Resources Ltd.'s and Ivanhoe Australia Limited's annual statutory financial statements.

In addition, in 2009 and 2008, fees were paid for services provided in connection with review pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and the required attestations relating to internal controls.

- (b) Fees for audit-related services provided during fiscal 2009 and 2008 consisted of:
- translation services;
  - financial accounting and reporting consultations;
  - reviews of the Corporation's quarterly financial statements; and
  - comfort letters, consents, and other services related to SEC, Canadian and other securities regulatory authorities' matters.
- (c) Fees for tax services provided during fiscal 2009 and 2008 consisted of income tax compliance and tax planning and advice relating to transactions and proposed transactions of the Corporation and its subsidiaries.
- (d) The Corporation incurred fees of Cdn\$35,000 and Cdn\$297,000 for products and services provided by its principal accountant during fiscal 2009 and 2008 not disclosed in subsections (a), (b) or (c).

#### *Pre-Approval Policies and Procedures*

All services to be performed by the Corporation's independent auditor must be approved in advance by the Audit Committee or a designated member of the Audit Committee ("Designated Member"). The Designated Member is a member of the Audit Committee who has been given the authority to grant pre-approvals of permitted audit and non-audit services.

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditors' independence and has adopted a policy governing the provision of these services. This policy requires the pre-approval by the Audit Committee or the Designated Member of all audit and non-audit services provided by the external auditor, other than any *de minimis* non-audit services allowed by applicable law or regulation. The decisions of the Designated Member to pre-approve a permitted service are reported to the Audit Committee at its regularly scheduled meetings.

Pre-approval from the Audit Committee or Designated Member can be sought for planned engagements based on budgeted or committed fees. No further approval is required to pay pre-approved fees. Additional pre-approval is required for any increase in scope or in final fees.

Pursuant to these procedures, 100% of each of the services provided by the Corporation's external auditors relating to the fees reported as audit, audit-related, tax and all other fees were pre-approved by the Audit Committee or the Designated Member.

### **PARTICULARS OF MATTERS TO BE ACTED UPON**

#### **Amendment to Corporation's Articles**

The Corporation is seeking authorization from its shareholders by special resolution at the Meeting to amend its Articles to set the number of directors of the Corporation at a minimum of three (3) and a maximum of fourteen (14). The Articles of the Corporation currently set a minimum of three (3) and a maximum of twelve (12) directors.

Since 2006, Rio Tinto, a major shareholder of the Corporation, has had the right to appoint one director to the Board and has exercised this right consistently. On October 27, 2009, Rio Tinto acquired additional Common Shares by way of private placement and, pursuant to the 2006 Rio Tinto Agreement, currently has the right to appoint two additional directors to the board. The board has considered Rio Tinto's rights and believes that increasing the number of directors to fourteen (14) to add two additional Rio Tinto nominees is in the best interests of the Corporation and its shareholders. Rio Tinto has requested that the Corporation nominate one additional director for election to the Board at the Meeting, and has advised the Corporation that it intends to nominate a further nominee as soon as possible. See "Conditional Election of One Additional Director" and "Future Size of Board of Directors."

The Corporation proposes to amend Article 4 of its Articles by deleting the existing Article 4 and replacing it with the following: 4. The number of Directors of the Corporation shall be not less than three (3), nor more than fourteen (14). The Articles Amendment Resolution is attached to this Circular as Schedule "A-1".

### **Conditional Resolution to Fix the Number of Directors at Fourteen (14)**

The Corporation and Rio Tinto have agreed that the size of the Board from and after the Meeting will be fourteen (14) Directors. The shareholders will be asked to consider, and, if thought advisable, to pass an ordinary resolution fixing the number of directors at fourteen (14), contingent upon the approval of the special resolution to amend the Articles of the Corporation. See "Future Size of Board of Directors".

The full text of the proposed resolution is attached to this Circular as Schedule "A-2".

### **Amended and Restated Equity Incentive Plan**

#### **Purpose**

The Corporation is also seeking authorization from its shareholders at the Meeting to amend and restate the Corporation's existing Employees' and Directors' Equity Incentive Plan (the "Existing Plan") to: (i) make certain amendments to the amending provisions of the Existing Plan; and (ii) make certain other technical amendments to the Existing Plan (the "Equity Incentive Plan Amendment Resolution"). The Toronto Stock Exchange ("TSX") has approved the proposed amendments to the Existing Plan (the "Amended Plan"), subject to approval by the shareholders at the Meeting.

The Equity Incentive Plan Amendment Resolution is attached to this Management Proxy Circular as Schedule "B" and the Amended Plan is attached as Schedule "C".

### **Summary of Existing Plan**

#### **Overview**

The Existing Plan has three components: an Option Plan, which provides for the grant to eligible participants of incentive stock options exercisable to purchase Common Shares of the Corporation; a Bonus Plan, which provides for awards of fully paid Common Shares to eligible participants as and when determined to be warranted on the basis of past performance; and a Purchase Plan, under which eligible participants have the opportunity to purchase Common Shares through payroll deductions which are supplemented by Corporation contributions.

The eligible participants in the Existing Plan include directors of the Corporation or any affiliate, any full time and part time employees (including officers) of the Corporation or any affiliate thereof that the Board determines to be employees eligible for participation in the Existing Plan. Persons or companies engaged by the Corporation or an affiliate to provide services for an initial, renewable or extended period of 12 months or more are eligible for participation in the Existing Plan as the Board determines.

The Existing Plan is administered by the Compensation and Benefits Committee (the "Committee") appointed by the Board.

### ***Option Plan***

#### *Option Grants*

The Option Plan authorizes the Board, on the recommendation of the Committee, to grant options to purchase Common Shares. The number of Common Shares, the exercise price per Common Share, the vesting period and any other terms and conditions of options granted pursuant to the Option Plan, from time to time are determined by the Board, on the recommendation of the Committee, at the time of the grant, subject to the defined parameters of the Option Plan.

#### *Exercise Price*

The exercise price of any option granted under the Existing Plan cannot be less than the volume weighted average price of the Common Shares on the Toronto Stock Exchange for the five days on which Common Shares were traded immediately preceding the date of grant (the "Fair Market Value").

#### *Exercise Period and Vesting*

Options are exercisable for seven years unless otherwise determined by the Board. Options may be earlier terminated in the event of death or termination of employment or appointment. Vesting of options is determined by the Board. Failing a specific vesting determination by the Board, options automatically become exercisable incrementally over a period of four years from the date of grant, as to one-quarter of the total number of shares under option after each such year. The right to exercise an option may be accelerated in the event a takeover bid in respect of the Common Shares is made.

#### *Blackout Expiration Term*

Under the Corporation's Corporate Disclosure, Confidentiality and Securities Trading Policy, trading of the Corporation's securities, including the exercise by directors, officers, employees and certain others of options to purchase Common Shares of the Corporation, is restricted during certain "blackout periods". These blackout periods are imposed from time to time by the Corporation in circumstances where material non-public information exists, including periods where financial statements are being prepared but results have not yet been publicly disclosed. Under the Incentive Plan, the expiration of the terms of Options held by insiders and other plan participants is the later of the original expiry date and a date that is ten business days following the end of such blackout period.

### *Cashless Exercise*

Optionees under the Existing Plan also have a cashless exercise right which effectively allows an optionee to exercise an option on a “cashless” basis by electing to relinquish, in whole or in part, the right to exercise the option and receive, in lieu thereof, a number of fully paid Common Shares. The number of Common Shares issuable on the exercise of share appreciation rights is equal to the quotient obtained by dividing the difference between the aggregate Fair Market Value and the aggregate option price of all Common Shares subject to the option by the Fair Market Value of one Common Share.

### *Financial Assistance*

The Board may, in its discretion, but subject to applicable law, authorize the Corporation to make loans to employees (excluding any director or executive officer) to assist them in exercising options. The terms of any such loans include security, in favour of the Corporation, in the Common Shares issued upon exercise of the options, which security may be granted on a non-recourse basis. No such loans are currently outstanding.

### *Termination or Death*

If an optionee dies while employed by the Corporation, any option held by him will be exercisable for a period of 12 months or prior to the expiration of the options (whichever is sooner) by the person to whom the rights of the optionee shall pass by will or applicable laws of descent and distribution. If an optionee is terminated for cause, no option will be exercisable unless the Board determines otherwise. If an optionee is terminated for any reason other than cause, then the options will be exercisable for a period of up to 12 months or prior to the expiration of the options (whichever is sooner).

### ***Bonus Plan***

The Bonus Plan permits the Board, on the recommendation of the Committee, to authorize the issuance, from time to time, of Common Shares to employees and directors of the Corporation and its affiliates. The criteria for determining if and when such awards should be made and the quantum of such awards is within the discretion of the Board. The Bonus Plan provides for the issuance of a maximum of 4,500,000 Common Shares in respect of bonus awards. Common Shares allocated to the Bonus Plan may be reallocated for issuance under the Option Plan or Purchase Plan and are then no longer available for issuance under the Bonus Plan.

### ***Purchase Plan***

#### *Participation Criteria*

Participants in the Purchase Plan are full-time employees of the Corporation who have completed at least one year (or less, at the discretion of the Board on the recommendation of the Committee) of continuous service and who elect to participate.

#### *Contribution Limits*

The Existing Plan provides that the Board, on the recommendation of the Committee, may determine contribution limits for the Share Purchase Plan, subject to a maximum 10% contribution of plan participants’ base salaries. The Share Purchase Plan established by the Board provides that, until an eligible participant withdraws or the Board terminates or suspends the Share Purchase Plan, such eligible employee is

entitled to contribute up to seven per cent (7%) of his or her annual basic salary to the Purchase Plan in semi-monthly instalments. The Corporation (at the discretion of the Board) makes a contribution of up to one hundred per cent (100%) of the employee's contribution on a quarterly basis.

#### *Number of Shares*

Each participant receives, at the end of each calendar quarter during which he or she participates in the Purchase Plan, a number of Common Shares equal to the quotient obtained by dividing the aggregate amount of all contributions to the Purchase Plan by the participant, and by the Corporation on the participant's behalf, during the preceding quarter by the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange during the quarter.

#### *Termination of Employment*

If the participant's employment with the Corporation is terminated for any reason, any portion of the participant's contribution then held in trust for a participant pending a quarterly purchase of Common Shares is returned to him or her or to his or her estate.

#### *Transferability*

Benefits, rights and options under the Existing Plan are non-transferable and during the lifetime of an Existing Plan participant, may only be exercised by such participant.

#### *Amendment Procedure*

The Board, based on the recommendation of the Committee, has the authority and discretion to amend the Existing Plan and awards granted thereunder without shareholder approval for all matters, including the matters set forth in Section 5.7 of the Existing Plan, except for those matters requiring shareholder approval. Subject to regulatory approval, shareholder approval will only be required for: (i) an amendment to the aggregate number of Shares that may be reserved for issuance under the Share Bonus Plan component of the Existing Plan; (ii) an amendment to the aggregate percentage of Common Shares issuable under the Existing Plan; (iii) an amendment to the limitations on the maximum number of Shares that may be reserved for issuance, or issued, to "Insiders" under the Existing Plan; (iv) an amendment that would reduce the exercise price, or extend the expiry date, of an outstanding Option granted to an "Insider" under the Existing Plan; (v) an amendment that would extend the expiry date of the Option Period in respect of any Option granted under the Plan to an Insider; and (vi) an amendment to the amending provisions under the Existing Plan.

#### *Share Issuance Limits*

The aggregate number of Common Shares which may be reserved for issuance under the Existing Plan (together with all other securities-based compensation arrangements of the Corporation in effect from time to time) shall not exceed 6.5% of the Common Shares outstanding from time to time. The aggregate number of Common Shares which the Corporation may at any time reserve for issuance under the Existing Plan to any one person may not exceed five per cent (5%), and to Insiders under the Existing Plan may not exceed ten per cent (10%), of the issued and outstanding Common Shares at such time. The aggregate number of Common Shares that may be issued within any one-year period to Insiders under the Existing Plan shall not exceed ten per cent (10%), and to



any one Insider and his or her Associates under the Existing Plan may not exceed five per cent (5%), of the issued and outstanding Common Shares at such time.

*Securities Issued and Unissued under the Existing Plan*

There are 441,146,905 Common Shares of the Corporation issued and outstanding as at March 30, 2010. Since the date of inception of the Existing Plan on June 26, 1996, the Common Shares authorized for issuance under the Existing Plan have been issued or reserved for issuance as follows:

	<b>Number of Common Shares</b>	<b>% of Issued and Outstanding Common Shares</b>
Common Shares reserved for future issuance pursuant to unexercised options under Option Plan	20,344,520	4.6%
Common Shares previously issued pursuant to Purchase Plan	779,043	0.2%
Common Shares previously issued pursuant to Bonus Plan	1,008,861	0.2%
Unissued Common Shares available for future awards under Bonus Plan	3,491,139	0.8%
Unissued Common Shares available for future option grants under Option Plan and purchases under Purchase Plan(1)	3,050,986	0.7%
Maximum number of Common Shares available for issuance	28,674,549	6.5%

(1) Does not include unissued Common Shares available for future awards under the Bonus Plan which may be used for grants under the Option Plan and Share Purchase Plan.

There are no entitlements to Common Shares under the Existing Plan which are subject to ratification by shareholders. There are no equity incentive plans which have not been approved by shareholders. As of the date of this Circular, the weighted average exercise price of outstanding options under the Existing Plan is C\$8.82.

**Proposed Amendments**

*Amending Provision Amendments*

The Corporation proposes amending the provisions of section 5.7(d) of the Existing Plan such that shareholder approval would be required of any amendment that: (i) would reduce the exercise price or extend the expiry date of any outstanding option (not just to those options held by Insiders); and (ii) would accelerate the vesting of any option held by an optionee, except upon the death, disability or retirement of such optionee, a change in control of the Company, or in the case of a non-material variation of any performance milestone required for the vesting of options.

The proposed amendment to the Amending Provision appears in section 5.7 of the Amended Plan which is attached as Schedule "C" to this Circular.

#### *Other Amendments*

Consequential or other technical amendments to the Existing Plan appear in sections 2.6, 4.3, 5.1 and 5.5 of the Amended Plan which is attached as Schedule "C" to this Circular.

### **SHAREHOLDER RIGHTS PLAN**

The Corporation adopted and entered into a shareholder rights plan agreement (the "Shareholder Rights Plan") with CIBC Mellon Trust Company summarized herein on April 5, 2010. The purpose of the Shareholder Rights Plan is to provide the Board of Directors of the Corporation and holders of the Common Shares of the Corporation with sufficient time to properly consider any take-over bid made for the Corporation and to allow enough time for competing bids and alternative proposals to emerge. The Shareholder Rights Plan also seeks to ensure that all shareholders are treated fairly in any transaction involving a change of control of the Corporation and that all shareholders have an equal opportunity to participate in the benefits of a take-over bid. The Shareholder Rights Plan encourages potential acquirers to negotiate the terms of any offer for Common Shares with the Board of Directors or, alternatively, to make a Permitted Bid (as defined in the Shareholder Rights Plan) without the approval of the Board of Directors.

At the Meeting, shareholders will be asked to consider and, if thought advisable, pass, as an ordinary resolution, the Shareholder Rights Plan Resolution, the full text of which is attached hereto as Schedule "D". If the Shareholder Rights Plan Resolution is approved at the Meeting by the shareholder votes described below under "Form of Resolution and Vote Required", the Shareholder Rights Plan will continue in effect. If the Shareholder Rights Plan Resolution is not approved, the Shareholder Rights Plan will terminate as of the date of the Meeting.

#### **Background**

On January 6, 2010, the Corporation announced that it had retained leading global investment banking firm Citigroup Global Markets Inc. and independent mining sector specialist Hatch Corporate Finance to evaluate and advise the Corporation on a range of strategic options to further enhance shareholder value. Both financial advisors have been involved in the preparation and structuring of the Shareholder Rights Plan and have advised the Board that they view the plan to be consistent with the objective of value enhancement.

The Shareholder Rights Plan was reviewed by the Corporation's Corporate Governance Committee, which held two separate meetings to review and consider the plan with the Corporation's legal and financial advisors as well as independent legal counsel to the committee. In addition to the Corporate Governance Committee (the members of which are all independent of the Corporation's management and its principal shareholders), the other independent directors of the Company participated in these meetings. Beyond these meetings, the Corporation's lead independent director was involved in numerous discussions with financial and legal advisors, including independent counsel to the Corporation's Corporate Governance Committee, respecting the Shareholder Rights Plan.

## **Purpose of the Shareholder Rights Plan**

The purpose of the Shareholder Rights Plan is to provide the Board and shareholders with sufficient time to properly consider any take-over bid made for the Corporation and to allow enough time for competing bids and alternative proposals to emerge. The Shareholder Rights Plan also seeks to ensure that all shareholders are treated fairly in any transaction involving a change of control of the Corporation and that all shareholders have an equal opportunity to participate in the benefits of a take-over bid. The Shareholder Rights Plan encourages potential acquirers to negotiate the terms of any offer for Common Shares with the Board of Directors or, alternatively, to make a Permitted Bid (as defined in the Shareholder Rights Plan) without the approval of the Board. The Shareholder Rights Plan addresses several concerns that are widely believed to be inherent in the provisions of current legislation governing take-over bids in Canada. These concerns are described in greater detail below.

### *Time to consider bid*

Under current securities legislation, the minimum period that a take-over bid must remain open for acceptance is 35 days. The Board of Directors is of the view that 35 days constitutes an insufficient amount of time to permit the directors and shareholders to assess an offer, and to allow the directors to negotiate with the offeror, solicit competing offers, consider alternative transactions, and otherwise attempt to maximize shareholder value. The Shareholder Rights Plan gives the Board and shareholders more time to consider a take-over bid by requiring an offeror to make a "Permitted Bid" if it wishes to proceed without negotiating with the Board of Directors and without triggering the Shareholder Rights Plan. In order to qualify as a Permitted Bid, the bid must meet certain minimum conditions. A Permitted Bid must, among other things, be open for at least 60 days and must remain open for a further period of 10 business days after the offeror publicly announces that more than 50% of the outstanding Voting Shares (as defined in the Shareholder Rights Plan) held by Independent Shareholders (as defined below) have been deposited or tendered and not withdrawn. "Independent Shareholders" includes all holders of Voting Shares other than (i) a person (or a group of affiliated or associated persons) who has publicly announced that it has acquired beneficial ownership of 20% or more of the Common Shares (an "Acquiring Person") (ii) any offeror making a take-over bid; (iii) any affiliate or associate of an Acquiring Person or offeror; (iv) persons acting "jointly or in concert" with an Acquiring Person or offeror; and (v) employee benefit, stock purchase or certain other plans or trusts for employees of the Corporation or its wholly-owned subsidiaries unless the beneficiaries of such plans or trusts direct the voting and tendering to a takeover bid of the Voting Shares.

### *Pressure to tender*

A shareholder may feel compelled to tender to a take-over bid that the shareholder considers to be inadequate because, in failing to tender, the shareholder may be left with illiquid or minority discounted shares. This is particularly so in the case of a partial bid where the Acquiring Person or an offeror wishes to obtain a control position but does not wish to acquire all of the Common Shares. The Shareholder Rights Plan contains a shareholder approval mechanism in the Permitted Bid definition, which is that no Voting Shares may be taken up and paid for under the bid unless more than 50% of the outstanding Voting Shares held by Independent Shareholders have been deposited or tendered and not withdrawn. In addition, a Permitted Bid must remain open for acceptance for a further period of 10 business days following public announcement that more than 50% of the outstanding Voting Shares have been deposited. The Shareholder

Rights Plan therefore effectively separates a Shareholder's decision to accept a bid from the decision to tender, thereby lessening concern about undue pressure to tender to the bid.

#### *Unequal treatment of shareholders*

Under current securities legislation, an offeror may obtain control or effective control of a corporation without paying full value, without obtaining shareholder approval and without treating all shareholders equally. For example, an acquirer could acquire blocks of shares by private agreement from one or a small group of shareholders at a premium to market price, which premium is not shared by the other shareholders. In addition, a person could slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control or effective control without paying a control premium or fair sharing of any control premium among shareholders. Under the Shareholder Rights Plan, if it is to qualify as a Permitted Bid, any offer to acquire 20% or more of the Corporation's Voting Shares must be made to all holders of Voting Shares.

#### **How the Shareholder Rights Plan Works and Effect of the Shareholder Rights Plan**

One right (a "Right") has been issued in respect of each of the outstanding Common Shares to the shareholders as of the close of business on April 5, 2010. One Right will also be issued in respect of each Common Share issued after April 5, 2010 and prior to the Separation Time (as defined below).

Notwithstanding the effectiveness of the Shareholder Rights Plan, the Rights are not exercisable until the Separation Time. Unless waived or deferred by the board of directors in the circumstances permitted by the Shareholder Rights Plan, the Separation Time would generally be the close of business on the tenth trading day after the earliest to occur of:

- (a) a public announcement that a person or a group of affiliated or associated persons has acquired beneficial ownership of 20% or more of the outstanding Common Shares (i.e. become an Acquiring Person) other than as a result of, among other things, (i) a reduction in the number of Common Shares outstanding, (ii) a "Permitted Bid" or a "Competing Permitted Bid" (each as defined under the Shareholder Rights Plan), (iii) certain specified "Exempt Acquisitions" (as defined below), (iv) an acquisition by a person of Voting Shares pursuant to a stock dividend or other "Pro Rata Acquisition" (as defined in the Shareholder Rights Plan); and (v) an acquisition by a person of Voting Shares upon the exercise, conversion or exchange of a security convertible, exercisable or exchangeable into a Voting Share received by a person pursuant to (ii), (iii) or (iv), above;
- (b) the date of commencement of, or the first public announcement of an intention of any person (other than the Corporation or any of its subsidiaries) to commence a take-over bid (other than a Permitted Bid or a Competing Permitted Bid) where the Voting Shares that are subject to the bid together with the Voting Shares beneficially owned by that person (including affiliates, associates and others acting jointly or in concert therewith) would constitute 20% or more of the outstanding Voting Shares; and
- (c) the date upon which a Permitted Bid or a Competing Permitted Bid ceases to be such.

An “Exempt Acquisition” would include the acquisition of Voting Shares or securities convertible into Voting Shares (i) in respect of which the Board of Directors has waived the application of the Shareholder Rights Plan, (ii) pursuant to a distribution made under a prospectus or private placement provided that the person does not increase his, her or its ownership percentage (e.g. pursuant to a rights offering), (iii) pursuant to an amalgamation, arrangement or other statutory procedure requiring shareholder approval, (iv) pursuant to certain equity incentive stock options plans of the Corporation, (v) pursuant to contractual arrangements currently in place between Rio Tinto and each of (a) the Corporation, and (b) Robert M. Friedland, (vi) pursuant to other contractual arrangements in respect of a Voting Share acquisition from treasury entered into by the Corporation with one or more Grandfathered Persons after the date of the Shareholder Rights Plan, and (vii) pursuant to the exercise of Rights.

After the Separation Time, each Right entitles the holder thereof to purchase one Common Share at the Exercise Price (as defined under the Shareholder Rights Plan). The initial Exercise Price under each Right is five times the Market Price at the Separation Time. “Market Price” is generally defined as the average of the daily closing prices per share of such securities on each of the 20 consecutive trading days through and including the trading day immediately preceding the Separation Time.

Following a transaction that results in a person becoming an Acquiring Person (a “Flip-in-Event”), each Right entitles the holder thereof to receive, upon exercise, such number of Common Shares as have an aggregate market value (as of the date of the Flip-in Event) equal to twice the then Exercise Price of the Rights for an amount in cash equal to the Exercise Price. In such event, however, any Rights beneficially owned by an Acquiring Person (including affiliates, associates and others acting jointly or in concert therewith), or certain transferees of any such person, will be void. A Flip-in Event does not include acquisitions approved by the board of directors (to the extent permitted by the Shareholder Rights Plan) or acquisitions pursuant to a Permitted Bid or Competing Permitted Bid.

By way of example, assume that the Common Shares have a Market Price of \$20.00 at the date relevant for determination. Following the Separation Time but prior to a Flip-in Event, a shareholder who owns one Common Share would be entitled to exercise a Right and acquire one additional Common Share in exchange for a cash payment of \$100.00. Following a Flip-in Event, the same shareholder (unless it has become an Acquiring Person) would be entitled to exercise the Right and acquire 10 additional Common Shares for the Exercise Price of \$100.00, i.e. one-half of the Market Price.

In the event of an unsolicited take-over bid or a bid that is not a Permitted Bid under the Shareholder Rights Plan, the board of directors believes that the effect of the Shareholder Rights Plan will be to enhance shareholder value, ensure equal treatment of shareholders in the context of an acquisition of control, and lessen the pressure on shareholders to tender to a bid.

It is not the intention of the Board of Directors to entrench themselves or avoid a bid for control that is fair and in the best interest of shareholders. For example, shareholders may tender to a bid that meets the Permitted Bid criteria without triggering the Shareholder Rights Plan, regardless of the acceptability of the bid to the Board of Directors.

The Shareholder Rights Plan does not diminish or detract from the duty of the Board to act honestly, in good faith and in the best interests of the Corporation and its

shareholders, or to consider on that basis any take-over bid that is made, nor does the Shareholder Rights Plan alter the proxy mechanism to change the Board of Directors, create dilution on the initial issue of the rights, or change the way in which the Corporation's Common Shares trade.

A summary of the principal terms and conditions of the Shareholder Rights Plan is contained in Schedule "E" attached to this Management Proxy Circular. The complete text of the Shareholder Rights Plan is available for viewing by the public at the System for Electronic Document Analysis and Retrieval (SEDAR) via the Internet at [www.sedar.com](http://www.sedar.com) or upon request from the Corporation. Shareholders wishing to receive a copy of the Shareholder Rights Plan should submit their request to the Corporation.

### **Form of Resolution and Vote Required**

A copy of the full text of the Shareholder Rights Plan Resolution is attached to this Information Circular as Schedule "D". In order to be effective, the Shareholder Rights Plan Resolution must be approved by not less than a majority of the votes cast by both (a) all shareholders present or represented by proxy at the Meeting, and (b) all shareholders present or represented by proxy at the Meeting that are not "Grandfathered Persons" (i.e. shareholders who already beneficially own 20% or more of the outstanding Voting Shares on the effective date) under the Shareholder Rights Plan. As of the date of this Information Circular, the only Grandfathered Persons under the Shareholder Rights Plan are Rio Tinto International Holdings Limited and Robert M. Friedland and their respective affiliates.

Under the Shareholder Rights Plan, the Grandfathered Persons will be permitted, without triggering a Flip-in Event, to acquire additional Common Shares pursuant to any rights to acquire such Common Shares held by them on the effective date of the Shareholder Rights Plan. Otherwise, a Flip-in Event would be triggered upon the Grandfathered Person acquiring any additional Voting Shares (unless such acquisition is completed pursuant to one of the exemptions set out in the Shareholder Rights Plan).

### **Directors' Recommendation**

After careful consideration, including a thorough review of the terms and conditions of the Shareholder Rights Plan by the Corporation's Corporate Governance Committee and by the Board of Directors, in consultation with their financial and legal advisors, on April 5, 2010 the Board of Directors, following the unanimous recommendation of the Corporate Governance Committee, determined that the adoption of the Shareholder Rights Plan is in the best interests of the Corporation, its shareholders and other stakeholders. The Board of Directors therefore recommends that all Shareholders vote FOR the Shareholder Rights Plan Resolution attached as Schedule "D" to this Management Information Circular.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed below or elsewhere in this Management Proxy Circular, no director, proposed director or executive officer of the Corporation, or person or company who beneficially owns, or controls or directs, directly or indirectly, 10% or more of the issued and outstanding Common Shares, or any director or executive officer of such 10% shareholder, nor any associate or affiliate of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the

Corporation's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

The Corporation is a party to cost sharing agreements with other companies in which the Corporation's Chairman and significant shareholder, Robert Friedland, has a material direct or indirect beneficial interest. Through these agreements, the Corporation shares, on a cost-recovery basis, office space, furnishings, equipment and communications facilities in Vancouver, Singapore and London, and an aircraft. The Corporation also shares the costs of employing administrative and non-executive management personnel in these offices. During the year ended December 31, 2009, the Corporation's share of these costs was \$15.8 million (2008 – \$12.6 million and 2007 – \$13.4 million). The companies with which the Corporation is a party to the cost sharing agreements, and Mr. Friedland's ownership interest in each of them, as at December 31, 2009, are as follows:

<u>Company Name</u>	<u>Robert Friedland Ownership Interest</u>
Ivanhoe Energy Inc.	17.5%
Ivanhoe Capital Corporation	100%
Ivanhoe Nickel & Platinum Ltd.	33.7%
SouthGobi Energy Resources Ltd.	(1)
GoviEx Gold Inc.	(1)
GoviEx Uranium Inc.	Nil

- (1) As at December 31, 2009, Mr. Friedland owned 22.8% of the Common Shares of the Corporation, which owned 78.6% of the common shares of SouthGobi Energy Resources Ltd. (57.4% as of March 30, 2010) and 1.5% of GoviEx Gold Inc.

As at December 31, 2009, the Corporation held a 10.3% voting equity interest in Ivanhoe Nickel & Platinum Ltd. ("Ivanplats"), on a fully diluted basis, after having acquired the following Ivanplats securities during 2009:

- 1.2 million common shares of Ivanplats from two institutional investors at an aggregate acquisition cost of \$1,842,000;
- 220,000 common shares at a cost of \$1,320,000 and 250,000 special warrants, convertible into 250,000 common shares, at a cost of \$1,500,000 from Kjeld Thygesen and Robert Hanson, respectively, both directors of the Corporation; and
- 1.1 million units of Ivanplats at a cost of \$9,900,000 pursuant to a private placement. Each unit is comprised of one common share, one liquidity right and one-half of one share purchase warrant.

Each liquidity right is convertible into 0.1 of a common share of Ivanplats for no additional consideration if a liquidity event (an initial public offering ("IPO") or other transaction that results in a public listing of Ivanplats' common shares) does not occur on or before December 31, 2010. The share purchase warrants vest upon the closing of an IPO. If an IPO occurs prior to December 31, 2010, each share purchase warrant entitles the holder to purchase one Ivanplats common share at the IPO price up until two years after the closing of the IPO. If an IPO occurs after December 31, 2010, each share purchase warrant entitles the holder to purchase 1.1 common shares at the IPO price up until two years after the closing of the IPO.

Rio Tinto is the Corporation's largest shareholder, holding 22.36% of the Corporation's issued and outstanding Common Shares. Within the Corporation's three most recently completed financial years, and within the current financial year, Rio Tinto has been a party to a series of transactions that have materially affected, or could materially affect, the Corporation. During the year ended December 31, 2009, Rio Tinto provided engineering-related services to the Corporation for the Oyu Tolgoi Project on a cost-recovery basis for which the Rio Tinto Group was paid \$8.6 million (2008 – \$4.8 million and 2007 – \$1.3 million).

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

During 2009, there were no significant changes in the Corporation's compensation policy or in the Corporation's executive management. The Compensation Committee continued in 2009 to benchmark compensation levels for its executive officers against updated compensation levels for the Corporation's peer group of companies while maintaining flexibility in its compensation decisions, which the Compensation Committee has determined is (i) appropriate for this stage in the Corporation's growth; and (ii) necessary to incentivize and retain its executive leadership during a significant time in the Corporation's development of its Oyu Tolgoi project, including the activities leading to the approved Investment Agreement with the Government of Mongolia.

#### ***Compensation Committee, Philosophy and Goals***

Our Compensation and Benefits Committee (the "Compensation Committee") assists the Board in fulfilling its responsibilities relating to compensation issues and human resources. The Compensation Committee is composed solely of independent directors. The Compensation Committee endeavours to ensure that the Corporation has an executive management compensation plan that is both competitive and motivational so that it will help attract, retain and inspire performance of the Corporation's executive management of a quality and nature that will enhance the sustainable growth and success of the Corporation.

The guiding principles for the Corporation's executive compensation philosophy, in approximately an equal level of importance, are as follows:

- to ensure a strong link between compensation levels and performance in relation to our key short-and long-term performance metrics;
- to facilitate the attraction, motivation, and retention of high quality executive talent;
- to provide fair, transparent, and defensible compensation;
- to encourage and reward high performance; and
- to align our executives' interests with those of our shareholders.

In applying these principles during what is still the developmental period of the Corporation's growth, the Compensation Committee maintains a degree of flexibility and subjectivity in making compensation recommendations, rather than applying structural



objective compensation processes that are appropriate for a company whose major assets are in production.

### ***Recent Modifications to Executive Compensation Programme***

The Compensation Committee engages Mercer (Canada) Limited (“Mercer”) to assist the Corporation with compensation matters and, in 2007, Mercer assisted the Corporation in preparing a model for executive compensation for the Corporation. Mercer also provides support to the Compensation Committee in determining compensation for the Corporation’s senior officers. This model was approved by the Compensation Committee in October 2007 and was formally adopted by the Board of Directors of the Corporation in March 2008. For 2009, the Corporation’s named executive officers (“NEOs”) were Robert Friedland – Chairman, Peter Meredith – Deputy Chairman, John Macken – Chief Executive Officer and President, Tony Giardini – Chief Financial Officer and Steve Garcia – Executive Vice President. There were no changes in personnel in those positions during 2009.

The Compensation Committee considers market information to determine appropriate salary ranges, target bonus award opportunities, and the target long-term equity incentive award values for each of its five top senior executives’ positions. Each salary grade is expressed as a range with a minimum, midpoint, and maximum.

For compensation recommendations for 2009, the Compensation Committee set the midpoint for salaries, target bonus award levels, and target annual long-term incentive award values for our executive officer positions (other than the Chief Executive Officer and the Deputy Chairman positions) at roughly the median percentile for the executives in equivalent positions in the Corporation’s peer comparator group, while retaining the ability to deliver compensation at a higher percentile of the market when performance warrants, through the annual and long-term incentive programs. The targets for the Chief Executive Officer and the Deputy Chairman positions were set by the Compensation Committee at the 75th percentile, rather than the median percentile, given the high importance of those two positions in terms of the Corporation’s strategy and relationships, for competitive and retention considerations, and, in the case of the Chief Executive Officer, for his operational experience. In setting compensation levels, the Compensation Committee takes into account both an executive’s past performance and future expectations for performance. At the current stage of the Corporation’s growth, the Committee maintains flexibility to allocate a higher percentage of overall targeted compensation in the form of stock options rather than cash compensation. During 2009, Mercer conducted a review of a peer comparator group of companies and such list was updated for 2009. See “Peer Comparator Group” below.

### ***How We Make Compensation Recommendations***

The Compensation Committee reviews and recommends the compensation philosophy and guidelines for the Corporation which includes reviewing, for recommendation to the Board, the compensation of senior executive officers and employees, including annual salary and incentive policies and programs. The Compensation Committee bases its recommendations to the Board on its compensation philosophy and on the performance of the individual and the Corporation. The Compensation Committee seeks compensation advice from its compensation consultants to provide support to the Compensation Committee in determining compensation for the Corporation’s officers.

The Compensation Committee periodically reviews the terms of reference for the Corporation's Chief Executive Officer and recommends any changes to the Board for approval. It reviews corporate goals and objectives with respect to the Chief Executive Officer's compensation and leads the Chief Executive Officer review process.

In the fall of each year, the Compensation Committee reviews the total compensation of the President & CEO and the executive officers reporting to the President & CEO, including salaries, target bonus award opportunities, target annual long-term incentive award values, other compensation elements, and other practices related to compensation. The Compensation Committee then sets each executive's compensation target for the following year. Typically, this involves establishing their salary, annual bonus opportunities and granting long-term equity incentive awards. Regular salary adjustments become effective on January 1 of the following year. The Compensation Committee's recommendations are reviewed and, when deemed appropriate, ratified by the Board.

The Compensation Committee works with the President & CEO to evaluate the performance and set the compensation for his position and for other senior executives of the Corporation. The President & CEO presents compensation recommendations for each of the executive officers, including proposed salary adjustments, target bonus awards and long-term incentive award values. The Compensation Committee determines the appropriateness of the recommendations based on the market data and recommended framework provided by Mercer and its own evaluation of the individuals' past and expected future performance.

Ultimately, recommendations made by the Compensation Committee are the responsibility of the Compensation Committee and may reflect factors and considerations other than the information and recommendations provided by Mercer. The Compensation Committee also considers a variety of qualitative factors, including the business environment in which the Corporation operates, as well as the stage of the Corporation's development. Thus, the compensation of our executives is not determined by any specific formula.

Executive compensation (including the salary ranges, target bonuses, and long-term incentive grants) are reviewed on an annual basis and adjusted in accordance with changes in the market and market conditions, while also taking into account the Corporation's stage of development, to ensure that our compensation remains competitive and aligns with the Corporation's compensation philosophy and market conditions.

### ***Compensation Elements***

The compensation of the Corporation's senior executives is comprised of three principal components - base salary, annual performance bonuses (in cash or fully paid Common Shares, or a combination thereof) and long term equity incentives. The Corporation does not maintain a pension plan or other long term compensation plan for its senior executives. Eligible employees, including officers, designated by the Board on the recommendation of the Compensation Committee may participate in the Corporation's Share Purchase Plan under the Corporation's Employees' and Directors' Incentive Plan.

The following summarizes the primary purpose of each rewards element and its emphasis within the total rewards package:

- Base salary — Base salary is paid in cash and is the fixed amount of compensation for performing day-to-day responsibilities.
- Annual Performance Bonus — Annual bonus awards (paid in cash or Common Shares, or a combination thereof) are earned for achieving short-term goals and other strategic objectives measured over the current year. Bonuses are structured to provide competitively based incentives to our executives to drive corporate, business unit, and individual performance.
- Long-Term Incentive Awards — Long-term incentive awards are granted to retain executives, build executive ownership, and align compensation with achievement of the Corporation's long-term goals, creating shareholder value and achieving strategic objectives as measured over multi-year periods.

In making compensation recommendations in respect of these elements, the Compensation Committee considers both the cumulative compensation being granted to executives from the Corporation as well as internal comparisons amongst the Corporation's executives.

In September 2008, the President & CEO recommended bonus payments for each of the Corporation's senior executive officers for the 2008 fiscal year, as well as salary, target bonus and long term incentive compensation for each of such officers for 2009. The Compensation Committee had Mercer model the proposed levels versus the market. Based on the modeling provided by Mercer, it was determined that the proposed levels were in line with the market and our compensation philosophy. In October 2009 similar determinations were made for 2010.

### ***Salary Compensation***

Under the Corporation's compensation plan, salary ranges for executive positions for 2009 were made with reference on the market review of total cash compensation (salary and bonus) levels within the comparator group and a median target pay position (75th percentile of market target for Chief Executive Officer and Deputy Chairman positions). Guidelines for the administration of salaries within the salary ranges are as follows:

- New hires would typically be paid a salary between the minimum of the salary range and 90% of the target salary rate.
- Employees that consistently meet all job expectations should be paid a salary within 90% and 110% of the target salary rate; and
- Employees that consistently demonstrate superior performance should be paid above 110% of the target salary rate.

Under the Corporation's compensation plan, salaries are reviewed on an annual basis in conjunction with the annual performance review, and salary adjustments for the following year are considered based on a variety of factors, including the individual's performance and contributions, improvements in job proficiency, retention risks and concerns, succession requirements, and compensation changes in the market.

The Corporation's Executive Chairman, Robert Friedland, received no salary in 2009.

In the third quarter of 2008, the Compensation Committee recommended, and the Board of Directors approved, salary increases for the year commencing January 1, 2009, which reflect the decision to target base pay for the Corporation's President & CEO, Deputy Chairman and CFO at the 75th percentile of our peer comparator group, the salary of Mr. Macken was increased to US\$714,000, Mr. Meredith to US\$562,000\* and Mr. Giardini to US\$338,165 (Cdn\$375,000)\* and Mr. Garcia's base salary for 2009 was set at US\$450,000.

The following table sets forth the percentage increase in salary levels in 2009 over the previous year.

Name and Position	Salary 2008 US\$	Salary 2009 US\$	% increase
John Macken Chief Executive Officer	\$635,000	\$714,000	12.5%
Tony Giardini Chief Financial Officer	\$281,426 <sup>(2)</sup>	\$338,165 <sup>(2)</sup>	20.1%
Peter Meredith Deputy Chairman	\$500,000 <sup>(1)</sup>	\$562,000 <sup>(1)</sup>	12.4%
Robert Friedland Executive Chairman	n/a	n/a	n/a
Steve Garcia Executive Vice President	\$400,000	\$450,000	12.5%

(1) Mr. Meredith's salary is set by the Corporation but is allocated among the Corporation and certain other related companies. For 2008, a salary of \$211,071 was paid by the Corporation and for 2009 US\$349,389 was paid by the Corporation. The calculation in this table assumes 100% of Mr. Meredith's salary is paid by the Corporation.

(2) Mr. Giardini's salary is payable in Canadian dollars. The US dollar equivalent of Mr. Giardini's salary was obtained by multiplying his Canadian dollar salary in 2009 by Cdn\$1.1089/US\$1.00, the Bank of Canada average noon exchange rate for 2009; and in 2008 by Cdn\$1.0660/US\$1.00, the Bank of Canada average noon exchange rate for 2008.

Certain adjustments were made to the salaries of two NEOs to be in effect for January 1, 2010 as follows: Mr. Meredith's salary was increased to US\$714,000, reflecting his important ongoing role leading the Corporation's relationships with the Government of Mongolia and Rio Tinto, as well as his leadership role as Chairman of SouthGobi Energy Resources Ltd. Mr. Giardini's salary was increased to US\$382,190 (Cdn\$400,000)\*.

### ***Bonus Compensation***

Executive officers are eligible for annual bonus compensation. Annual bonus awards are earned for achieving short-term goals and other strategic objectives measured over the fiscal year. Among the factors considered are the individual's performance and contributions, improvements in job proficiency and compensation changes in the market, corporate performance, and business unit performance (for certain executives with business unit responsibilities).

Bonuses are structured to provide competitively based incentives to our executives to drive corporate, business unit, and the individual's performance. Corporate performance is assessed relative to overall corporate objectives such as achievement of milestones in

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\* Mr. Meredith's salary is set by the Corporation but is allocated among the Corporation and certain other related companies. During 2009, the portion of Mr. Meredith's salary paid by the Corporation was US\$349,389.

\* Mr. Giardini's salary is payable in Canadian dollars. The US dollar equivalent of Mr. Giardini's salary was obtained by multiplying his Canadian dollar salary by Cdn\$1.0466/US\$1.00, the Bank of Canada noon exchange rate on December 31, 2009.

connection with the Corporation's Oyu Tolgoi project, expansion, through discovery or acquisition, or both, of additional mineral resources and reserves and performance and value of the Corporation's subsidiaries. Business unit performance is assessed on objectives that relate to the primary functions of the business unit and the key activities that support the broader corporate goals. Individual performance is assessed based on how well the individual has carried out his responsibilities and contributed to the operations and success of his business unit and to the achievement of the Corporation's goals for that year.

Under the annual bonus plan, target awards (as a percentage of base salary) are based on relevant market data for the peer comparator group and target pay positioning. Financial and strategic goals are established prior to the beginning of the plan year at the corporate, business unit and individual levels. At or near the end of the year, performance is assessed as follows: target awards will be paid when performance meets expectations, and such awards will be adjusted upwards or downwards where performance exceeds or is less than expectations, respectively. For 2009, these target levels for total cash compensation (salary and bonus) were set at the median target level (75th percentile of market target for Chief Executive Officer and Deputy Chairman positions) for similar positions at the peer group companies.

The process followed by the Compensation Committee in recommending bonus compensation in 2009 was to assess each Named Executive Officer within the context of the peer company target level (for total cash compensation) and allocate bonus compensation based largely on achievement of overall corporate objectives and individual performance related to those corporate objectives, using approximately the percentage allocations in the table below. This allocation for 2009 was necessarily and largely subjective for 2009, given the over-riding focus of the executive team on its Oyu Tolgoi project and activities leading to the Investment Agreement with the Government of Mongolia. Accordingly, bonus decisions were not expressly contingent upon specific objectively measured performance metrics or other goals.

	Position	Proportion of Annual Incentive Award		
		Company Performance	Business Unit Performance	Individual Performance
John Macken	President & CEO	80%	-	20%
Peter Meredith	Deputy Chairman	80%	-	20%
Tony Giardini	Chief Financial Officer	50%	20%	30%
Robert Friedland	Executive Chairman	n/a	n/a	n/a
Steve Garcia	Executive VP	30%	40%	30%

For 2009, the senior executive officers of the Corporation were awarded bonuses as follows: each of Messrs. Macken and Meredith received a cash bonus of US\$550,000, Mr. Giardini received a cash bonus of US\$210,158 and Mr. Garcia received a bonus of US\$270,000. Mr. Friedland did not participate in the annual incentive award compensation during 2009. The table below sets forth the percentage increase in total cash compensation in 2009 over the previous year, and the percentage that the NEO's bonus compensation represents as a percentage of salary compensation.

	2009 Bonus US\$	2009 Bonus as % of Salary	2008 Cash Compensation (Salary and Bonus) US\$	2009 Cash Compensation (Salary and Bonus) US\$	% Increase in Cash Compensation (2008-2009)
John Macken Chief Executive Officer	\$550,000	77.0%	\$1,185,000	\$1,264,000	6.7%
Tony Giardini Chief Financial Officer	\$210,158	62.1%	\$469,043 <sup>(2)</sup>	\$548,323 <sup>(2)</sup>	16.9%
Peter Meredith Deputy Chairman	\$550,000 <sup>(1)</sup>	97.8%	\$1,050,000	\$1,112,000	5.9%
Robert Friedland Executive Chairman	n/a	n/a	n/a	n/a	n/a
Steve Garcia Executive Vice President	\$270,000	60.0%	\$600,000	\$720,000	20.0%

(1) Mr. Meredith's salary is set by the Corporation but is allocated among the Corporation and certain other related companies. For 2008, a salary of \$211,071 was paid by the Corporation and for 2009 US\$349,389 was paid by the Corporation. The calculation in this table assumes 100% of Mr. Meredith's salary is paid by the Corporation.

(2) Mr. Giardini's salary is payable in Canadian dollars. The US dollar equivalent of Mr. Giardini's salary was obtained by multiplying his Canadian dollar salary: in 2009 by Cdn\$1.1089/US\$1.00, the Bank of Canada average noon exchange rate for 2009; and in 2008 by Cdn\$1.0660/US\$1.00, the Bank of Canada average noon exchange rate for 2008.

Mr. Macken was awarded his bonus in recognition of his leadership skills and personal performance, as well as the significant contributions he made to the Corporation in 2009, particularly his services in leading the team responsible for advancing the design, planning and development for the Oyu Tolgoi project facilities and his activities as a key member of the Oyu Tolgoi technical committee.

Mr. Meredith was awarded his bonus in recognition of his personal performance and the significant contributions he made to the Corporation in 2009, particularly his role as one of the principal negotiators and team leaders of the Corporation's working group that led to an Investment Agreement with the Government of Mongolia, his business development efforts in respect of the Corporation itself and his active and ongoing role as Chair of SouthGobi Energy Resources Ltd.

Mr. Giardini was awarded his bonus in recognition of his personal performance and his leadership and supervision of the Corporation's entire financial team, as well as for providing vital support and advice as an integral member of our senior management team.

Mr. Garcia was awarded his bonus in recognition of his personal performance and his contributions in respect of the planning and development of the Oyu Tolgoi facilities.

### ***Long-Term Incentives – Stock Option Awards***

An equity incentive component in the form of options is a key part of the executive's overall compensation package, reflecting our belief that stock options offer an effective mechanism for incentivizing management and aligning the interests of our executive officers with those of our shareholders. Since we do not grant incentive stock options at a discount to the prevailing market price of the Corporation's Common Shares, the incentive stock options we grant to our executive officers accrete value only if, and to the extent that, the market price of the Corporation's Common Shares increases, thereby linking equity-based executive compensation to shareholder returns.

Target long-term incentive awards under the Corporation's compensation plan are based on relevant market data for the peer comparator group and target pay positioning at the appropriate market level for total direct compensation (base salary, bonus and annual

and long-term incentive compensation). As a benchmark for annual grants of options, market target levels were at the median percentile target level (75th percentile target level for Chief Executive Officer and Deputy Chairman positions). The dollar value of the long-term incentive award is converted to the appropriate number of stock options at the time of the award, using a valuation methodology and the details of the grant.

The Compensation Committee also considers the current total potential dilution under the plan (i.e., the number of stock options issued and unexercised, full-value share grants outstanding, and the number of shares reserved for the future issuance of equity, expressed as a percentage of common shares outstanding) of the Corporation and the peer comparator companies.

The actual award to the executive will be adjusted upwards or downwards, depending on the Compensation Committee's evaluation of each executive officer's ability to influence long-term success of the Corporation, and to provide an incentive to encourage outstanding individual performance and contributions. The Compensation Committee also considers each executive's stock option position, and may, in certain circumstances, grant options with performance-based vesting criteria.

The Compensation Committee accepts in principle the merits of performance related vesting for stock options, and the Corporation has in the past included performance contingent or performance accelerated vesting for many of its stock option grants. The vesting of such options was generally tied to the attainment of various milestones, mainly related to the orderly construction and development at, or in connection with, the Corporation's Oyu Tolgoi project. All of such milestones anticipated, and so were predicated on, the early achievement of an Investment Agreement with the Government of Mongolia. However, in view of the fact that the timetable for reaching such an agreement with the Government of Mongolia and then being able to proceed with the orderly construction and development of operations at Oyu Tolgoi was severely delayed (for several years and for a variety of reasons beyond the control of the Corporation or its personnel), in the recent past the principal focus has been on achieving an Investment Agreement with the Government of Mongolia. As a result of, and in recognition of the impact of, such unforeseen and lengthy delays, the Compensation Committee has determined that the objectives of incentivizing and retaining key personnel through long-term incentive stock option grants are, at the current time, still principally best met using time-related vesting for stock option grants. The Compensation Committee will continue to monitor the appropriateness of reintroducing performance related vesting for stock option grants once the Corporation has reached an appropriate later stage in its development and operations.

Under the Corporation's compensation plan, new stock option grants will normally have terms of seven years and will be made to executive officers on an annual basis. Vesting of the stock options will generally be based on time, with 25% instalments vesting only on each anniversary of the original date of grant.

In May 2009, each of Messrs. Friedland, Macken, Meredith and Giardini were granted the following number of options to purchase common shares of the Corporation: Messrs. Friedland and Macken 1,500,000 each; Mr. Meredith 750,000; and Mr. Giardini 100,000. Each of such options is exercisable at a price of \$8.20. In July 2009, Mr. Meredith was also granted options to purchase a further 200,000 common shares of the Corporation. Each option is exercisable at \$8.77. All of these options were priced based on the five day volume weighted market price at the date of grant and have a term of seven years. The May 2009 options vest as to 25% on the date of grant and an additional 25% each

anniversary thereafter until fully vested. The July 2009 options vest as to 25% on the first anniversary of the date of grant and an additional 25% on each anniversary thereafter until fully vested. The foregoing grants of options were special grants of options. The special grants were based on a review of the overall stock option positions held by a number of key employees and officers, including NEOs with a view to ensuring such optionees were fairly positioned and incentivized given (i) the relative stock option grants held by other employees and officers; and (ii) the voluntary relinquishment for cancellation by Messrs. Friedland, Macken, Giardini and Meredith, amongst other key employees, of stock options at the request of the Corporation in January 2009 to allow room for further incentive grants to be made by the Corporation under the Directors' and Officers' Equity Incentive Plan (which had reached its limit at that time for available grants) pending the Corporation's shareholders amending such plan to authorize more grants (which authorization was granted in May, 2009). Accordingly, these grants were not made with reference to relevant market dates for the peer comparator group or target pay positioning at the appropriate market level for total direct compensation.

As part of the annual executive compensation review, in October 2009, each of Messrs. Friedland, Macken, Meredith, Giardini and Garcia received the following number of options to purchase common shares of the Corporation. Each of Messrs. Friedland, Macken and Meredith – 250,000; and each of Messrs. Giardini and Garcia – 150,000. Each option is exercisable at \$13.76, has a term of seven years and vests as to 25% on the first anniversary of the date of grant and an additional 25% on each anniversary thereafter until fully vested.

### ***Peer Comparator Group***

A specific comparator group of publicly-traded companies has been developed annually based on research conducted by Mercer and input from the Compensation Committee and management representatives. The selection criteria for the companies included:

- Mining companies with significant project development activities underway;
- Mining companies with project development and/or operations in complex, international locations; and
- Mining companies with a comparable market capitalization.

For 2009 compensation, Mercer conducted a review of market executive compensation levels. At the outset of the review, updated background information on the Corporation, the executives' roles and responsibilities, and current compensation philosophy and programs was provided to Mercer by representatives of the Compensation Committee and management. The peer comparator group of companies was reviewed, to confirm whether or not the companies included were still relevant to the Corporation. Mercer then compiled and analyzed market compensation information about the peer comparator companies.



The list of comparator organizations used for 2009 (and their approximate market capitalizations at September 7, 2009 for purposes of establishing the comparator companies) was comprised of the following companies:

<b>Comparator Company</b>	<b>Approximate Market Capitalization Cdn\$ (in millions)</b>
Kinross Gold Corp.	\$16,050
Newcrest Mining Ltd.	\$14,395 <sup>(2)</sup>
Cameco Corp.	\$11,760
Fortescue Metals Group Ltd.	\$11,216 <sup>(2)</sup>
Agnico Eagle Mines Ltd.	\$10,920
Yamana Gold	\$8,110
First Quantum Minerals Ltd.	\$5,750
Imagold Corp.	\$5,200
Eldorado Gold Corp.	\$4,500
Rangold Resources Ltd.	\$3,877 <sup>(1)</sup>
Peter Hambro Mining	\$2,768 <sup>(1)</sup>
Lundin Mining Corp.	\$2,330
Centerra Gold	\$1,770

(1) A monthly average exchange rate (up to September 2009) of 1.182 was used by Mercer for converting \$US to \$Cdn for purposes of the study.

(2) A monthly average exchange rate (up to September 2009) of 0.8688 was used by Mercer for converting from \$A to \$Cdn

The Compensation Committee compares our executives to the incumbents in the comparator group that appear to be performing similar job functions. Where market data for the “functional” roles was not available, data was provided on a “ranking” basis (for the ranking match, the top five executives in the comparator organizations are ranked in order of their total cash compensation from highest to lowest). Our executives are matched to the comparator group executives on the same basis.

### ***Other Elements of Executive Compensation***

The Corporation does not provide a pension plan for its executive officers.

Executive officers, once eligible, are entitled to participate in the Corporation’s share purchase plan, pursuant to which the Corporation will contribute a sum equal to 50% of such officers’ contributions up to a maximum of 7% of base salary. Each of Messrs. Macken, Giardini, Meredith and Garcia participate in the share purchase plan. Mr. Friedland does not participate in the plan. See “Summary Compensation Table for the Corporation” below.

In addition, the Corporation provides a life insurance benefit to each of Messrs. Macken, Meredith, Giardini and Garcia. See “Summary Compensation Table for the Corporation” below.

As part of Mr. Garcia’s contractual arrangements, he receives a housing and living allowance benefit, given his location in Mongolia, which in 2009 was valued at US\$129,495 and car lease payments which in 2009 was valued at US\$26,961. See “Summary Compensation Table for the Corporation” below.

## **Compensation in relation to Public Company Subsidiaries**

National Instrument 51-102 Continuous Disclosure Obligations (“NI 51-102”) requires inclusion of compensation details in respect of income earned from, or in respect of, subsidiaries of the Corporation. See “Summary Compensation Table for the Corporation (Inclusive of Public Subsidiaries)” below.

### ***SouthGobi Energy Resources Ltd.***

The Corporation owns, directly and indirectly, 105,782,155 common shares of SouthGobi Energy Resources Ltd. (“SouthGobi”) as at December 31, 2009, representing 78.6% of the issued and outstanding common shares of SouthGobi as at such date. The common shares of SouthGobi are listed on the Toronto Stock Exchange and, since January 29, 2010, on the Hong Kong Stock Exchange. While SouthGobi is managed by its own public company board of directors and has its own compensation policies, certain of the officers and directors of the Corporation also served as officers and/or directors of SouthGobi and accordingly compensation received from SouthGobi is included in this Circular.

Mr. Macken, CEO and President, and a director of the Corporation was Chairman of SouthGobi until October, 2009. Mr. Macken does not receive a salary from SouthGobi.

Mr. Meredith, Deputy Chairman of the Corporation was Chief Executive Officer of SouthGobi until October, 2009 at which time he became Chairman. Mr. Meredith received salary from SouthGobi during 2009 of US\$140,008. In respect of his responsibilities at SouthGobi, Mr. Meredith also received bonus compensation from SouthGobi of US\$50,000 in recognition of his efforts toward raising capital for SouthGobi and his contribution to the public listing of its shares on the Hong Kong Stock Exchange.

In August 2009, options to purchase common shares of SouthGobi were granted with a five year term and an exercise price of Cdn\$12.99 to Mr. Macken (36,000 options), Mr. Meredith (75,000 options) and Mr. Giardini (15,000 options). The grants of options by SouthGobi were made as long term incentives to further encourage retention and/or as an incentive to provide a high level of performance for the benefit of SouthGobi.

### ***Ivanhoe Australia Limited***

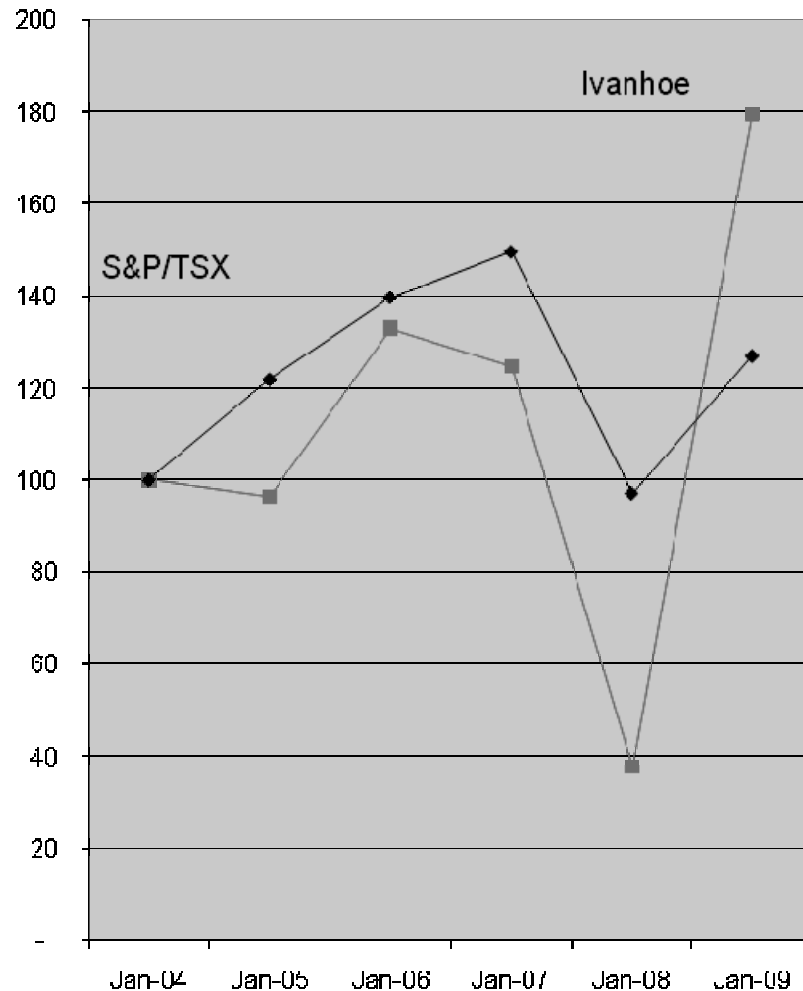
The Corporation owns 259,536,627 of the issued and outstanding common shares of Ivanhoe Australia Limited (“Ivanhoe Australia”) as at December 31, 2009, representing 81.5% of the issued and outstanding common shares of Ivanhoe Australia as at such date. None of the Corporation’s NEOs received compensation from Ivanhoe Australia during 2009.

## **Other Corporate Policies**

While it has not been a formal requirement of the Corporation, the Corporation’s senior executives are encouraged to hold a share ownership position in the Corporation. In light of market prices and as part of its ongoing review of corporate governance practices, this policy is currently under review. The Corporation does not have a policy to recoup or claw back incentive compensation based on achieving performance targets that were later restated as the Corporation at this stage does not base incentive plan compensation on the achievement of objective metrics. The Corporation does not have a policy in place to prohibit executives from hedging the economic risk of their ownership and from pledging shares as collateral for margin loans.

## Performance Graph

The following graph and table compares the cumulative shareholder return on a Cdn\$100 investment in Common Shares of the Corporation to a similar investment in companies comprising the S&P/TSX Composite Index, including dividend reinvestment, for the period from December 31, 2004 to December 31, 2009.



	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09
■ Ivanhoe Mines Ltd.	100	97	133	125	38	179
◆ S&P/TSX Composite Index	100	122	140	150	97	127

The trend in overall compensation paid to the Corporation's executive officers over the past five years has not tracked the performance of the market price of the Corporation's common shares, or the S&P/TSX Composite Index, particularly since 2007. Cash compensation, has increased over this period in response to both competitive and retention demands and market benchmarking. Given the Corporation's stage of development current share price is not a significant factor in cash compensation consideration. The value of long term incentive compensation in the form of stock options is influenced by the Corporation's share price performance.

## Summary Compensation Table for the Corporation

The following executive compensation disclosure is provided as at December 31, 2009 and December 31, 2008, in respect of the Chief Executive Officer, Chief Financial Officer and each of the Corporation's three highest paid executive officers in accordance with NI 51-102 in the year ended December 31, 2009 (collectively the "Named Executive Officers" or "NEOs").

Name and Principal Position	Year	Income Source	Salary (US\$)	Share-based awards (US\$)	Option-based awards(11) (US\$)	Non-equity incentive plan compensation			All Other Compensation (US\$)	Total Compensation (US\$)
						Annual incentive plans (US\$)	Long-term incentive plans(10) (US\$)	Pension Value (US\$)		
John Macken (CEO & President)	2009	Ivanhoe Mines Ltd.	\$714,000	Nil	\$7,460,000	\$550,000	Nil	Nil	\$32,292 <sup>(1)</sup>	\$8,756,292
		SouthGobi Energy Resources Ltd.	Nil	Nil	\$270,000	Nil	Nil	Nil	Nil	\$270,000
		Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>TOTAL 2009:</b>	<b>\$714,000</b>	<b>Nil</b>	<b>\$7,730,000</b>	<b>\$550,000</b>	<b>Nil</b>	<b>Nil</b>	<b>\$32,292</b>	<b>\$9,026,292<sup>(9)</sup></b>	
	2008	Ivanhoe Mines Ltd.	\$635,000	Nil	\$1,784,000	\$550,000	Nil	Nil	\$30,425 <sup>(2)</sup>	\$2,999,425
		SouthGobi Energy Resources Ltd.	Nil	Nil	\$488,782	Nil	Nil	Nil	Nil	\$488,782
		Ivanhoe Australia Limited	Nil	Nil	\$929,400 <sup>(12)</sup>	Nil	Nil	Nil	Nil	\$929,400
<b>TOTAL 2008:</b>		<b>\$635,000</b>	<b>Nil</b>	<b>\$3,202,182</b>	<b>\$550,000</b>	<b>Nil</b>	<b>Nil</b>	<b>\$30,425</b>	<b>\$4,417,607<sup>(9)</sup></b>	
Tony Giardini (CFO)	2009	Ivanhoe Mines Ltd.	\$338,165	Nil	\$1,412,000	\$210,158	Nil	Nil	\$13,354 <sup>(3)</sup>	\$1,973,677
		SouthGobi Energy Resources Ltd.	Nil	Nil	\$112,500	Nil	Nil	Nil	Nil	\$112,500
		Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>TOTAL 2009:</b>	<b>\$338,165</b>	<b>Nil</b>	<b>\$1,524,500</b>	<b>\$210,158</b>	<b>Nil</b>	<b>Nil</b>	<b>\$13,354</b>	<b>\$2,086,177</b>	
	2008	Ivanhoe Mines Ltd.	\$281,426	Nil	\$625,200	\$187,617	Nil	Nil	\$47,568 <sup>(4)</sup>	\$1,141,811
		SouthGobi Energy Resources Ltd.	Nil	Nil	\$234,356	Nil	Nil	Nil	Nil	\$234,356
		Ivanhoe Australia Limited	Nil	Nil	\$92,940 <sup>(12)</sup>	Nil	Nil	Nil	Nil	\$92,940
<b>TOTAL 2008</b>		<b>\$281,426</b>	<b>Nil</b>	<b>\$952,496</b>	<b>\$187,617</b>	<b>Nil</b>	<b>Nil</b>	<b>\$47,568</b>	<b>\$1,469,107</b>	
Peter Meredith (Deputy Chairman)	2009	Ivanhoe Mines Ltd.	\$349,389 <sup>(13)</sup>	Nil	\$5,469,500	\$550,000	Nil	Nil	\$33,018 <sup>(5)</sup>	\$6,401,907
		SouthGobi Energy Resources Ltd.	\$140,008	Nil	\$562,500	\$50,000	Nil	Nil	Nil	\$752,508
		Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>TOTAL 2009:</b>	<b>\$489,397</b>	<b>Nil</b>	<b>\$6,032,000</b>	<b>\$600,000</b>	<b>Nil</b>	<b>Nil</b>	<b>\$33,018</b>	<b>\$7,154,415<sup>(9)</sup></b>	
	2008	Ivanhoe Mines Ltd.	\$211,071 <sup>(13)</sup>	Nil	\$1,275,200	\$550,000	Nil	Nil	\$93,466 <sup>(6)</sup>	\$2,129,737
		SouthGobi Energy Resources Ltd.	\$153,032	Nil	\$963,092	\$98,357	Nil	Nil	\$642	\$1,215,123
		Ivanhoe Australia Limited	Nil	Nil	\$929,400 <sup>(12)</sup>	Nil	Nil	Nil	Nil	\$929,400
<b>TOTAL 2008:</b>		<b>\$364,103</b>	<b>Nil</b>	<b>\$3,167,692</b>	<b>\$648,357</b>	<b>Nil</b>	<b>Nil</b>	<b>\$94,108</b>	<b>\$4,274,260<sup>(9)</sup></b>	

Name and Principal Position	Year	Income Source	Salary (US\$)	Share-based awards (US\$)	Option-based awards(11) (US\$)	Non-equity incentive plan compensation			All Other Compensation (US\$)	Total Compensation (US\$)
						Annual incentive plans (US\$)	Long-term incentive plans(10) (US\$)	Pension Value (US\$)		
Robert Friedland (Executive Chairman)	2009	Ivanhoe Mines Ltd.	Nil	Nil	\$7,460,000	Nil	Nil	Nil	Nil	\$7,460,000
		SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		<b>TOTAL 2009:</b>	<b>Nil</b>	<b>Nil</b>	<b>\$7,460,000</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>\$7,460,000<sup>(9)</sup></b>
	2008	Ivanhoe Mines Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		SouthGobi Energy Resources Ltd.	Nil	Nil	\$2,567,646	Nil	Nil	Nil	Nil	\$2,567,646
		Ivanhoe Australia Limited	Nil	Nil	\$7,435,200 <sup>(12)</sup>	Nil	Nil	Nil	Nil	\$7,435,200
<b>TOTAL 2008:</b>		<b>Nil</b>	<b>Nil</b>	<b>\$10,002,846</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>\$10,002,846<sup>(9)</sup></b>	
Steve Garcia (Executive VP)	2009	Ivanhoe Mines Ltd.	\$450,000	Nil	\$1,029,000	\$270,000	Nil	Nil	\$175,018 <sup>(7)</sup>	\$1,924,018
		SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		<b>TOTAL 2009:</b>	<b>\$450,000</b>	<b>Nil</b>	<b>\$1,029,000</b>	<b>\$270,000</b>	<b>Nil</b>	<b>Nil</b>	<b>\$175,018</b>	<b>\$1,924,018</b>
	2008	Ivanhoe Mines Ltd.	\$400,000	Nil	\$657,000	\$200,000	Nil	Nil	\$139,373 <sup>(8)</sup>	\$1,396,373
		SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL 2008:</b>		<b>\$400,000</b>	<b>Nil</b>	<b>\$657,000</b>	<b>\$200,000</b>	<b>Nil</b>	<b>Nil</b>	<b>\$139,373</b>	<b>\$1,396,373</b>	

- (1) Life insurance premium of \$7,302 and share purchase plan amounts of \$24,990.
- (2) Life insurance premiums of \$8,200 and share purchase plan amounts of \$22,225.
- (3) Life insurance premium of \$1,861 and share purchase plan of \$11,493.
- (4) Life insurance premiums of \$1,993, share purchase plan amounts of \$10,397 and vacation liability payout of \$35,178.
- (5) Life insurance premiums of \$12,636 and share purchase plan amounts of \$20,382.
- (6) Life insurance premiums of \$8,189, share purchase plan amounts of \$16,646 and vacation liability payout of \$68,631.
- (7) Life insurance premiums of \$2,812, share purchase plan amounts of \$15,750, housing allowance amounts of \$129,495 and car lease payments of \$26,961.
- (8) Share purchase plan amounts of \$13,998, housing allowance amounts of \$98,276 and car lease payments of \$27,099.
- (9) Mr. Macken, Mr. Friedland and Mr. Meredith are also directors of the Corporation. Pursuant to the Corporation's policies regarding non-independent directors, none of Mr. Macken, Mr. Friedland or Mr. Meredith received compensation from the Corporation for acting as a director, and no portion of the Total Compensation disclosed above was received by Mr. Macken, Mr. Friedland or Mr. Meredith as compensation for acting as a director.
- (10) The Corporation does not presently have a pension incentive plan for any of its executive officers, including its Named Executive Officers.
- (11) The Corporation uses the Black-Scholes option-pricing model for determining fair value of stock options issued as at the grant date. The practice of the Corporation is to grant all option based awards in Canadian currency (although the grants of performance rights of its subsidiary, Ivanhoe Australia Limited in 2008, were awarded in Australian currency - see option table under the heading "Outstanding share-based awards and option-based awards" for more information), then convert the grant date fair value amount to U.S. currency for reporting the value of the grants in the Corporation's financials. The conversion rate for each grant is the rate quoted by the Bank of Canada as its noon spot rate ("BOC Rate") on the date the grant is made for each grant in Canadian currency (or the rate quoted by the Reserve Bank of Australia as its daily rate ("Australian Rate") on the date of the grant is made for each grant in Australian currency). The conversion rates for the purpose of the grants to the

NEOs in the Summary Compensation Chart are presented below and are based on the applicable BOC Rate or Australian Rate on the date of grant, each as supplied by Bloomberg. See “2009 Options Granted” and “2008 Options Granted” charts below.

- (12) These values represent the Black-Scholes valuations in accordance with Note 11 in respect of “performance rights” in Ivanhoe Australia Limited, a subsidiary of the Corporation, which were granted concurrent with its initial public offering on the Australian Stock Exchange in 2008. Further details of such performance rights are provided in the table entitled “Outstanding share-based awards and option-based awards”.
- (13) Mr. Meredith’s salary is set by the Corporation but is allocated among the Corporation and certain other related companies. For 2009, Mr. Meredith’s salary was US\$562,000 of which US\$349,389 was paid by the Corporation. For 2008, Mr. Meredith’s salary was US\$500,000 of which US\$211,071 was paid by the Corporation.

#### 2009 Options Granted

Name	Company that Granted Options	Date of Grant	Option Granted	Exchange Rates to USD <sup>(1)</sup>
John Macken	Ivanhoe Mines Ltd	5/8/2009	1,500,000	Cdn.\$1.1488/US\$1
John Macken	Ivanhoe Mines Ltd	10/9/2009	250,000	Cdn.\$1.0408/US\$1
John Macken	SouthGobi Energy Resources Ltd.	8/5/2009	36,000	Cdn.\$1.0720/US\$1
Tony Giardini	Ivanhoe Mines Ltd	5/8/2009	100,000	Cdn.\$1.1488/US\$1
Tony Giardini	Ivanhoe Mines Ltd	10/9/2009	150,000	Cdn.\$1.0408/US\$1
Tony Giardini	SouthGobi Energy Resources Ltd.	8/5/2009	15,000	Cdn.\$1.0720/US\$1
Robert Friedland	Ivanhoe Mines Ltd	5/8/2009	1,500,000	Cdn.\$1.1488/US\$1
Robert Friedland	Ivanhoe Mines Ltd	10/9/2009	250,000	Cdn.\$1.0408/US\$1
Peter Meredith	Ivanhoe Mines Ltd	5/8/2009	750,000	Cdn.\$1.1488/US\$1
Peter Meredith	Ivanhoe Mines Ltd	7/23/2009	200,000	Cdn.\$1.0884/US\$1
Peter Meredith	Ivanhoe Mines Ltd	10/9/2009	250,000	Cdn.\$1.0408/US\$1
Peter Meredith	SouthGobi Energy Resources Ltd.	8/5/2009	75,000	Cdn.\$1.0720/US\$1
Steve Garcia	Ivanhoe Mines Ltd	10/9/2009	150,000	Cdn.\$1.0408/US\$1

#### 2008 Options Granted

Name	Company that Granted Options	Date of Grant	Option Granted	Exchange Rates to USD <sup>(1)</sup>
John Macken	Ivanhoe Mines Ltd.	9/22/2008	250,000	Cdn.\$1.0370/US\$1
John Macken	Ivanhoe Mines Ltd.	11/13/2008	900,000	Cdn.\$1.2075/US\$1
John Macken	SouthGobi Energy Resources Ltd.	8/27/2008	50,000	Cdn.\$1.0485/US\$1
John Macken	SouthGobi Energy Resources Ltd.	11/27/2008	40,000	Cdn.\$1.2329/US\$1
John Macken	Ivanhoe Australia Limited	8/6/2008	500,000	A\$1.0760/US\$1
Tony Giardini	Ivanhoe Mines Ltd.	9/22/2008	150,000	Cdn.\$1.0370/US\$1
Tony Giardini	Ivanhoe Mines Ltd.	11/13/2008	120,000	Cdn.\$1.2075/US\$1
Tony Giardini	SouthGobi Energy Resources Ltd.	7/9/2008	20,000	Cdn.\$1.0108/US\$1
Tony Giardini	SouthGobi Energy Resources Ltd.	11/27/2008	20,000	Cdn.\$1.2329/US\$1
Tony Giardini	Ivanhoe Australia Limited	8/6/2008	50,000	A\$1.0760/US\$1
Robert Friedland	SouthGobi Energy Resources Ltd.	7/9/2008	250,000	Cdn.\$1.0108/US\$1
Robert Friedland	SouthGobi Energy Resources Ltd.	11/28/2008	125,000	Cdn.\$1.2329/US\$1
Robert Friedland	Ivanhoe Australia Limited	8/6/2008	4,000,000	A\$1.0760/US\$1
Peter Meredith	Ivanhoe Mines Ltd.	9/22/2008	250,000	Cdn.\$1.0370/US\$1
Peter Meredith	Ivanhoe Mines Ltd.	11/13/2008	420,000	Cdn.\$1.2075/US\$1
Peter Meredith	SouthGobi Energy Resources Ltd.	8/27/2008	100,000	Cdn.\$1.0485/US\$1
Peter Meredith	SouthGobi Energy Resources Ltd.	11/27/2008	75,000	Cdn.\$1.2329/US\$1
Peter Meredith	Ivanhoe Australia Limited	8/6/2008	500,000	A\$1.0760/US\$1
Steve Garcia	Ivanhoe Mines Ltd.	9/22/2008	150,000	Cdn.\$1.0370/US\$1
Steve Garcia	Ivanhoe Mines Ltd.	11/13/2008	150,000	Cdn.\$1.2075/US\$1

- (1) Where other compensation is in currency other than USD it has been translated at the average 2009 and 2008 Bank of Canada noon exchange rate, where applicable.

**Outstanding share-based awards and option-based awards as at December 31, 2009**

Name	Option-based Awards					Share-based Awards Name	
	Issuer of Option-based Award	Number of Securities Underlying Unexercised Options	Option Exercise Price (Cdn\$/ Option)	Option Expiration Date	Market Value of Unexercised in-the-Money Options (US\$)(1)	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-based Awards that have not Vested (Cdn\$)
<b>John Macken</b>	Ivanhoe Mines Ltd.	1,000,000	\$9.73	3/27/2013	\$5,488,036	Nil	Nil
	Ivanhoe Mines Ltd.	250,000	\$8.35	9/22/2013	\$1,699,582	Nil	Nil
	Ivanhoe Mines Ltd.	1,000,000	\$7.78	3/30/2014	\$7,339,537	Nil	Nil
	Ivanhoe Mines Ltd.	900,000	\$2.82	11/13/2015	\$10,844,094	Nil	Nil
	Ivanhoe Mines Ltd.	1,500,000	\$8.20	5/8/2016	\$10,411,128	Nil	Nil
	Ivanhoe Mines Ltd.	250,000	\$13.76	10/9/2016	\$415,401	Nil	Nil
	SouthGobi Energy Resources Ltd.	250,000	\$6.00	6/22/2012	\$2,634,827	Nil	Nil
	SouthGobi Energy Resources Ltd.	50,000	\$15.07	8/27/2013	\$96,373	Nil	Nil
	SouthGobi Energy Resources Ltd.	40,000	\$5.10	11/27/2013	\$455,754	Nil	Nil
	SouthGobi Energy Resources Ltd.	36,000	\$12.99	8/5/2014	\$140,486	Nil	Nil
Ivanhoe Australia Limited	250,000	Nil <sup>(3)</sup>	n/a <sup>(2)</sup>	\$821,396	Nil	Nil	
<b>Tony Giardini</b>	Ivanhoe Mines Ltd.	250,000	\$9.73	3/27/2013	\$1,372,009	Nil	Nil
	Ivanhoe Mines Ltd.	150,000	\$8.35	9/22/2013	\$1,019,749	Nil	Nil
	Ivanhoe Mines Ltd.	120,000	\$2.82	11/13/2015	\$1,445,879	Nil	Nil
	Ivanhoe Mines Ltd.	100,000	\$8.20	5/8/2016	\$694,075	Nil	Nil
	Ivanhoe Mines Ltd.	150,000	\$13.76	10/9/2016	\$249,240	Nil	Nil
	SouthGobi Energy Resources Ltd.	20,000	\$18.86	7/9/2013	Nil	Nil	Nil
	SouthGobi Energy Resources Ltd.	20,000	\$5.10	11/27/2013	\$227,877	Nil	Nil
	SouthGobi Energy Resources Ltd.	15,000	\$12.99	8/5/2014	\$58,536	Nil	Nil
	Ivanhoe Australia Limited	25,000	Nil <sup>(3)</sup>	n/a <sup>(2)</sup>	\$82,140	Nil	Nil
<b>Peter Meredith</b>	Ivanhoe Mines Ltd.	400,000	\$9.73	3/27/2013	\$2,195,215	Nil	Nil
	Ivanhoe Mines Ltd.	250,000	\$8.35	9/22/2013	\$1,699,582	Nil	Nil
	Ivanhoe Mines Ltd.	320,000	\$2.82	11/13/2015	\$3,855,678	Nil	Nil
	Ivanhoe Mines Ltd.	750,000	\$8.20	5/8/2016	\$5,205,564	Nil	Nil
	Ivanhoe Mines Ltd.	200,000	\$8.77	7/23/2016	\$1,279,909	Nil	Nil
	Ivanhoe Mines Ltd.	250,000	\$13.76	10/9/2016	\$415,401	Nil	Nil
	SouthGobi Energy Resources Ltd.	415,000	\$6.00	6/22/2012	\$4,373,813	Nil	Nil
	SouthGobi Energy Resources Ltd.	100,000	\$15.07	8/27/2013	\$192,746	Nil	Nil
	SouthGobi Energy Resources Ltd.	75,000	\$5.10	11/27/2013	\$854,539	Nil	Nil
	SouthGobi Energy Resources Ltd.	75,000	\$12.99	8/5/2014	\$292,679	Nil	Nil
	Ivanhoe Australia Limited	250,000	Nil <sup>(3)</sup>	n/a <sup>(2)</sup>	\$821,396	Nil	Nil
<b>Robert Friedland</b>	Ivanhoe Mines Ltd.	1,500,000	\$8.20	5/8/2016	\$10,411,128	Nil	Nil
	Ivanhoe Mines Ltd.	250,000	\$13.76	10/9/2016	\$415,401	Nil	Nil
	SouthGobi Energy Resources Ltd.	250,000	\$18.86	7/9/2013	Nil	Nil	Nil
	SouthGobi Energy Resources Ltd.	125,000	\$5.10	11/27/2013	\$1,424,231	Nil	Nil
	Ivanhoe Australia Limited	2,000,000	Nil <sup>(3)</sup>	n/a <sup>(2)</sup>	\$6,571,164	Nil	Nil

Name	Option-based Awards					Share-based Awards Name	
	Issuer of Option-based Award	Number of Securities Underlying Unexercised Options	Option Exercise Price (Cdn\$/ Option)	Option Expiration Date	Market Value of Unexercised in-the-Money Options (US\$)(1)	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-based Awards that have not Vested (Cdn\$)
Steve Garcia	Ivanhoe Mines Ltd.	100,000	\$8.41	5/1/2010	\$674,136	Nil	Nil
	Ivanhoe Mines Ltd.	250,000	\$9.73	3/27/2013	\$1,372,009	Nil	Nil
	Ivanhoe Mines Ltd.	150,000	\$8.35	9/22/2013	\$1,019,749	Nil	Nil
	Ivanhoe Mines Ltd.	150,000	\$13.71	11/14/2014	\$256,362	Nil	Nil
	Ivanhoe Mines Ltd.	112,500	\$2.82	11/13/2015	\$1,355,512	Nil	Nil
	Ivanhoe Mines Ltd.	150,000	\$13.76	10/9/2016	\$249,240	Nil	Nil

- (2) The "Value of Unexercised in-the-Money Options" is calculated on the basis of the difference between the closing price of the common shares of the Corporation on the Toronto Stock Exchange on December 31, 2009, and the Exercise Price of the options. With respect to the Rights (as defined in footnote (2)) issued to each NEO in Ivanhoe Australia, the "Value of Unexercised in-the-Money Options" is based upon the closing price of the common shares of Ivanhoe Australia on the Australian Stock Exchange (the "ASX") on December 31, 2009 as the rights have an Exercise Price of nil.
- (3) The Rights granted to each of the NEOs do not have an expiry date.
- (4) The Rights do not require any additional payment by their respective holders to exercise such Rights for shares of Ivanhoe Australia.

### Incentive Plan Awards – value vested or earned during 2009

Name	Issuer of Option-based Award	Option-based Awards – Value Vested During the Year (US\$)	Share-based Awards – Value Vested During the Year (US\$)	Non-Equity Incentive Plan Compensation – Value earned During the Year (US\$)
John Macken	Ivanhoe Mines Ltd.	\$2,531,182	Nil	Nil
	SouthGobi Energy Resources Ltd.	\$412,499	Nil	Nil
	Ivanhoe Australia Limited	\$294,263	Nil	Nil
Tony Giardini	Ivanhoe Mines Ltd.	\$805,181	Nil	Nil
	SouthGobi Energy Resources Ltd.	\$59,051	Nil	Nil
	Ivanhoe Australia Limited	\$29,426	Nil	Nil
Peter Meredith	Ivanhoe Mines Ltd.	\$1,877,882	Nil	Nil
	SouthGobi Energy Resources Ltd.	\$710,140	Nil	Nil
	Ivanhoe Australia Limited	\$294,263	Nil	Nil
Robert Friedland	Ivanhoe Mines Ltd.	\$48,939	Nil	Nil
	SouthGobi Energy Resources Ltd.	\$369,067	Nil	Nil
	Ivanhoe Australia Limited	\$2,354,100	Nil	Nil
Steve Garcia	Ivanhoe Mines Ltd.	\$623,636	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil

### Option and SAR Repricings

No options or stock appreciation rights were re-priced during the year ended December 31, 2009.

### Defined Benefit and Pension Plans

The Corporation does not presently provide any defined benefit or pension plan to its directors, executive officers or employees.

### Indemnity Insurance

During 2009, the Corporation purchased director and officer liability insurance with an aggregate US\$110 million limit. The total premiums paid by the Corporation in respect of this insurance coverage for the twelve month term were US\$1,411,000.



## **Termination and Change of Control Benefits Provisions in Employment Contracts**

The Corporation's original employment contract as of November 1, 2003 with John Macken, President and CEO was amended and restated as of January 1, 2008. The employment contract provides for an initial base salary, discretionary performance bonuses and stock option grants from time to time if and when awarded by the Corporation, housing benefit and other benefits and entitlements available to the Corporation's other executive officers. Mr. Macken's employment contract provides that: (a) the Corporation may terminate Mr. Macken's employment for cause; (b) the Corporation may terminate Mr. Macken's employment without cause, or upon his disability, in each case upon payment to Mr. Macken of 24 month's base salary together with an amount equal to the average of the two highest value aggregate annual performance bonuses paid to Mr. Macken during the five completed fiscal years of the Corporation preceding the date of termination; and, (c) in the event of (i) a change of control of the Corporation; and (ii) within 24 months thereafter, the employment contract is either terminated by the Corporation other than for cause or disability, or Mr. Macken resigns for "good reason" as defined in the employment contract, Mr. Macken would be entitled to receive a payment equal to the product of 2.99 times the sum of Mr. Macken's then base salary and the average of the two highest value aggregate annual performance bonuses paid to Mr. Macken by the Corporation during the five completed fiscal years of the Corporation preceding the date of termination. "Good reason" under the contract includes certain adverse changes in Mr. Macken's status or position in the Corporation, certain adverse changes to his compensation, benefits or employment terms, and acts constituting constructive dismissal at law. In the event of a termination on disability or without cause, or on a change of control followed by a termination or resignation with "good reason", all of Mr. Macken's then unvested incentive stock options would vest and all his options would remain exercisable for six months following the date of termination of employment, and certain of Mr. Macken's benefits would continue for 12 months following termination. The Corporation has provided Mr. Macken, a United States citizen and resident, with an indemnity in respect of certain United States excise taxes under Section 4999 of the Internal Revenue Code (United States) and certain interest and penalties in the event such excise taxes, interest and penalties were levied on compensation and benefits payable to Mr. Macken following a termination of Mr. Macken following a change of control of the Corporation.

The following is an estimate of incremental payments to Mr. Macken in the above scenarios (a) – (c), based on his annual salary as at December 31, 2009, and the value of his options as at December 31, 2009: (a) no further wages, no lump sum payments, and no acceleration of unvested options, for a total of nil; (b) a lump sum based on salary of US\$1,428,000, a lump sum based on historical bonuses of US\$550,000, a benefit amount of US\$32,292, and acceleration of unvested options for an in the money value of US\$17,631,504, for a total of US\$19,641,796; (c) a lump sum based on salary of US\$2,134,860, a lump sum based on historical bonuses of US\$1,664,500, a benefit amount of US\$32,292, and acceleration of unvested options for an in the money value of US\$17,631,504, for a total of US\$21,443,156.

The Corporation has entered into an employment contract with Peter Meredith, Deputy Chairman, dated December 18, 2007. The agreement provides for an initial base salary, discretionary performance bonuses and stock option grants from time to time if and when awarded by the Corporation, and other benefits and entitlements available to the Corporation's other executive officers. Mr. Meredith's employment contract provides that: (a) the Corporation may terminate Mr. Meredith's employment for cause; (b) the Corporation may terminate Mr. Meredith's employment without cause or upon his

disability upon payment to Mr. Meredith of 18 month's base salary together with an amount equal to the average of the two highest value aggregate annual performance bonuses paid to Mr. Meredith during the five completed fiscal years preceding the date of termination; and, (c) in the event of (i) a change of control of the Corporation; and (ii) within 24 months thereafter, Mr. Meredith's employment contract is either terminated by the Corporation other than for cause or disability or Mr. Meredith resigns for "good reason" as defined in the employment contract; Mr. Meredith would be entitled to receive a payment equal to the product of 2.99 times the sum of Mr. Meredith's then base salary and the average of the two highest value aggregate annual performance bonuses paid to Mr. Meredith by the Corporation during the five completed fiscal years of the Corporation preceding the date of termination. "Good reason" under the contract includes material adverse changes in Mr. Meredith's status or position in the Corporation, certain adverse changes to his compensation, benefits or employment terms, and acts constituting constructive dismissal at law. In the event of a termination on disability or without cause, or on a change of control followed by a termination or resignation with "good reason", all of Mr. Meredith's then unvested incentive stock options would vest and remain exercisable for six months following the date of termination of employment, and certain of Mr. Meredith's benefits would continue for 12 months following such termination.

The following is an estimate of incremental payments to Mr. Meredith in the above scenarios (a) – (c), based on his annual salary as at December 31, 2009, and the value of his options as at December 31, 2009: (a) no further wages, no lump sum payments, and no acceleration of unvested options, for a total of nil; (b) a lump sum based on salary of US\$843,000, a lump sum based on historical bonuses of US\$775,000, a benefit amount of US\$33,018, and acceleration of unvested options for an in the money value of US\$10,669,602, for a total of US\$12,320,620; (c) a lump sum based on salary of US\$1,680,380, a lump sum based on historical bonuses of US\$2,317,250, a benefit amount of US\$33,018, and acceleration of unvested options for an in the money value of US\$10,669,602, for a total of US\$14,700,250.

Mr. Giardini was employed by the Corporation on May 1, 2006 as Chief Financial Officer. The employment contract provides for an initial base salary, discretionary performance bonuses and stock option grants from time to time if and when awarded by the Corporation, housing benefit and other benefits and entitlements available to the Corporation's other executive officers. Mr. Giardini's employment contract provides that: (a) the Corporation may terminate Mr. Giardini's employment for cause; (b) the Corporation may terminate Mr. Giardini's employment without cause, or upon his disability, in each case upon payment to Mr. Giardini of 12 month's base salary; and, (c) in the event of (i) a change of control of the Corporation; and (ii) within 24 months thereafter, the employment contract is either terminated by the Corporation other than for cause or disability or Mr. Giardini resigns for "good reason" as defined in the employment contract; Mr. Giardini would be entitled to receive a payment equal to the product of two (2) times the sum of Mr. Giardini's then base salary and the average of the two highest value aggregate annual performance bonuses paid to Mr. Giardini by the Corporation during the five completed fiscal years of the Corporation preceding the date of termination. "Good reason" under the contract includes certain adverse changes in Mr. Giardini's status or position in the Corporation, certain adverse changes to his compensation, benefits or employment terms, and acts constituting constructive dismissal at law. In the event of a termination on disability or without cause, or on a change of control followed by a termination or resignation with "good reason", all of Mr. Giardini's then unvested incentive stock options would vest and all his options would

remain exercisable for six months following the date of termination of employment, and certain of Mr. Giardini's benefits would continue for 12 months following termination.

The following is an estimate of incremental payments to Mr. Giardini in the above scenarios (a) – (c), based on his annual salary as at December 31, 2009, and the value of his options as at December 31, 2009: (a) no further wages, no lump sum payments, and no acceleration of unvested options, for a total of nil; (b) a lump sum based on salary of US\$358,303, a benefit amount of US\$13,354, and acceleration of unvested options for an in the money value of US\$2,619,018, for a total of US\$2,990,675; (c) a lump sum based on salary of US\$716,606, a lump sum based on historical bonuses of US\$420,409, a benefit amount of US\$13,354, and acceleration of unvested options for an in the money value of US\$2,619,018, for a total of US\$3,769,387.

The Corporation is also party to an employment contract with Steve Garcia dated May 23, 2007. Mr. Garcia is currently employed as the Corporation's Executive Vice President. Mr. Garcia's employment contract provides that: (a) the Corporation may terminate Mr. Garcia's employment for cause; (b) the Corporation may terminate Mr. Garcia's employment without cause upon payment to Mr. Garcia of 3 months' base salary; and, (c) in the event that the Corporation terminates Mr. Garcia's employment within six (6) months of a "change of control", Mr. Garcia would be entitled to receive a lump sum payment equal to twelve (12) months' base salary.

The following is an estimate of incremental payments to Mr. Garcia in the above scenarios (a) – (c), based on his annual salary as at December 31, 2009: (a) no further wages, for a total of nil; (b) a lump sum equal to 3 months' base salary of US\$112,500; and, (c) a lump sum equal to twelve (12) months' base salary of US\$450,000.

The Corporation does not have employment contracts with any other of its Named Executive Officers.

### **Composition of the Compensation and Benefits Committee**

During the year ended December 31, 2009, the Compensation and Benefits Committee was comprised of Messrs. David Huberman (Chair), Robert Hanson, David Korbin, Howard Balloch and Markus Faber. Mr. Kjeld Thygesen was a member of the Compensation Committee until May, 2009. All of the members of the Compensation Committee during 2009 were independent directors.

Other than as described elsewhere in this information circular, since the beginning of the most recently completed financial year, which ended on December 31, 2009, none of Messrs. Huberman, Thygesen, Hanson, Korbin, Balloch or Faber, nor Ms. Mahler, was indebted to the Corporation or any of its subsidiaries or had any material interest in any transaction or proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries. None of the Corporation's executive officers serve as a member of the Compensation and Benefits Committee or Board of Directors of any entity that has an executive officer serving as a member of the Compensation and Benefits Committee or Board of Directors of the Corporation.

### **COMPENSATION OF DIRECTORS**

Each non-management director receives Cdn\$40,000 per annum (from January 1, 2009 to May 7, 2009, Cdn\$25,000). Mr. David Huberman receives an additional payment per annum for acting as the Lead Director of the Board of Directors, which compensation

increased from Cdn\$60,000 per annum to Cdn\$80,000 per annum in May 2009 and to Cdn\$150,000 per annum in October 2009. Mr. David Korbin receives an additional payment per annum for acting as the Chairman of the Audit Committee which compensation increased in October 2009 from Cdn\$15,000 per annum to Cdn\$20,000. The Chair of the Compensation and Benefits Committee and the Chair of the Corporate Governance and Nominating Committee each receives an additional payment for acting as a director of the Corporation, which increased from Cdn\$15,000 to Cdn\$20,000 per annum in October, 2009. The increases in annual retainers and for the Lead Director and Committee chairs were made to reflect the increased amount of work and effort these positions now require in the regulatory and disclosure regimes facing the Corporation. Each non-management director receives a fee of Cdn\$2,000 for each Board of Directors meeting and each Committee meeting attended in person and, Cdn\$1,000 for each Director and Committee conference call in which they participate. Fees payable to Rio Tinto's nominee are paid directly to Rio Tinto in accordance with Rio Tinto's corporate policy. Each non-management director (other than the nominee of Rio Tinto in accordance with Rio Tinto's corporate policy) also receives an annual grant of incentive stock options exercisable to purchase up to 50,000 Common Shares of the Corporation (which increased from up to 25,000 Common Shares on May 7, 2009), such options having a seven year term (prior to May 7, 2009, a five year term), and fully vesting on the first anniversary of the date of the grant. Each executive director and non-management director is also entitled to be reimbursed for actual expenses reasonably incurred in the performance of his duties as a director.

#### **Directors' Share Ownership Requirements**

Each existing non-management director, except any nominee of Rio Tinto who is an employee of Rio Tinto, is required to own Common Shares having a market value of at least three times his or her annual cash retainer and to continue to hold this minimum number of shares as long as he or she continues to serve as a director. Any new non-management director will have three years after becoming a director to acquire this minimum number of shares. Common shares for this purpose are valued annually at December 31 based on the preceding six month volume weighted average market price of Common shares.

The following table reflects compensation earned by directors in respect of fiscal 2009 under the compensation arrangements described above.

## Directors' Compensation for Fiscal 2009<sup>(1)</sup>

NAME	Issuer of Option-based Award	FEES EARNED (US\$) <sup>(2)</sup>	SHARE-BASED AWARDS (US\$)	OPTION-BASED AWARDS <sup>(5)</sup> (US\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION (US\$)	PENSION VALUE (US\$)	ALL OTHER COMPENSATION (US\$)	TOTAL COMPENSATION (US\$)
David Huberman	Ivanhoe Mines Ltd.	\$171,297 <sup>(3)</sup>	Nil	\$186,515	Nil	Nil	Nil	\$357,812
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total:</b>	<b>\$171,297</b>	<b>Nil</b>	<b>\$186,515</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>\$357,812</b>
Kjeld Thygesen	Ivanhoe Mines Ltd.	\$58,060	Nil	\$186,515	Nil	Nil	Nil	\$244,575
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total:</b>	<b>\$58,060</b>	<b>Nil</b>	<b>\$186,515</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>\$244,575</b>
Robert Hanson	Ivanhoe Mines Ltd.	\$57,369	Nil	\$186,515	Nil	Nil	Nil	\$243,884
	SouthGobi Energy Resources Ltd.	\$58,766	Nil	\$154,342	Nil	Nil	\$1,339	\$214,447
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total:</b>	<b>\$116,135</b>	<b>Nil</b>	<b>\$340,857</b>	<b>Nil</b>	<b>Nil</b>	<b>\$1,339</b>	<b>\$458,331</b>
Markus Faber	Ivanhoe Mines Ltd.	\$58,997	Nil	\$186,515	Nil	Nil	Nil	\$245,512
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total:</b>	<b>\$58,997</b>	<b>Nil</b>	<b>\$186,515</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>\$245,512</b>
Howard Balloch	Ivanhoe Mines Ltd.	\$52,658	Nil	\$186,515	Nil	Nil	Nil	\$239,173
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total:</b>	<b>\$52,658</b>	<b>Nil</b>	<b>\$186,515</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>\$239,173</b>
David Korbin	Ivanhoe Mines Ltd.	\$74,247 <sup>(4)</sup>	Nil	\$186,515	Nil	Nil	Nil	\$260,762
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	\$40,875	Nil	Nil	Nil	Nil	Nil	\$40,875
	<b>Total:</b>	<b>\$115,122</b>	<b>Nil</b>	<b>\$186,515</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>\$301,637</b>
R. Edward Flood	Ivanhoe Mines Ltd.	\$43,161	Nil	\$186,515	Nil	Nil	Nil	\$229,676
	SouthGobi Energy Resources Ltd.	\$28,591	Nil	\$154,342	Nil	Nil	\$599	\$183,532
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total:</b>	<b>\$71,752</b>	<b>Nil</b>	<b>\$340,857</b>	<b>Nil</b>	<b>Nil</b>	<b>\$599</b>	<b>\$413,208</b>
Bret Clayton	Ivanhoe Mines Ltd.	\$31,768 <sup>(6)</sup>	Nil	Nil	Nil	Nil	Nil	\$31,768 <sup>(6)</sup>
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total:</b>	<b>\$31,768</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>\$31,768</b>
Livia Mahler	Ivanhoe Mines Ltd.	\$50,397	Nil	\$186,515	Nil	Nil	Nil	\$236,912
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total:</b>	<b>\$50,397</b>	<b>Nil</b>	<b>\$186,515</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>\$236,912</b>
Andrew Harding	Ivanhoe Mines Ltd.	\$5,755 <sup>(7)</sup>	Nil	Nil	Nil	Nil	Nil	\$5,755 <sup>(7)</sup>
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total:</b>	<b>\$5,755</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>\$5,755</b>

(1) Messrs. Friedland, Macken and Meredith were members of management in fiscal 2009 and did not receive compensation as directors of the Corporation. Accordingly, the compensation details for Messrs. Friedland, Macken and Meredith have been excluded from the table, as such information is included in the Named Executive Officer table set forth under the heading "Summary Compensation for the Corporation".

- (2) The sums represented in the Fees Earned column of this table represent director retainers, fees earned from acting as Chairman of each of the director committees, remuneration for attending meetings and conference calls of the directors.
- (3) The Fees Earned by Mr. Huberman includes the fees for acting as lead independent director, and the separate retainers for being Chairman of both the Corporate Governance & Nominating Committee and the Compensation & Benefits Committee.
- (4) The Fees Earned by Mr. Korbin include the retainer for acting as Chairman of the Audit Committee.
- (5) The Corporation uses the Black-Scholes option-pricing model for determining fair value of stock options issued as at the grant date. The practice of the Corporation is to grant all option based awards in Canadian currency, and then convert the grant date fair value amount to U.S. currency for reporting the value of the grants in the Corporation's financials. The conversion rate for each grant is the rate quoted by the Bank of Canada as its noon spot rate ("BOC Rate") on the date the grant is made for each grant in Canadian currency. The conversion rates for the purpose of the grants to the Directors in the Summary Compensation Chart above are as follows: (i) for options granted on May 8, 2009, US\$1/Cdn.\$1.1494. The conversion rates are on the applicable BOC Rate, as supplied by Bloomberg.
- (6) Mr. Clayton's non-management director retainer and fees are paid directly to Rio Tinto.
- (7) Mr. Harding's non-management director retainer and fees are paid directly to Rio Tinto.

### Outstanding share-based awards and option-based awards for Directors as at December 31, 2009

Name	Issuer of Option-based Award	Option-based Awards				Share-based Awards	
		Number of Securities Underlying Unexercised Options	Option Exercise Price (Cdn\$/ Option)	Option Expiration Date	Market Value of Unexercised in-the-Money Options (US\$) <sup>(1)</sup>	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-based Awards that have not Vested (US\$)
<b>David Huberman</b>	Ivanhoe Mines Ltd.	25,000	\$10.56	May 12, 2011	\$117,499	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$13.35	May 11, 2012	\$51,272	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$9.65	May 9, 2013	\$139,100	Nil	Nil
	Ivanhoe Mines Ltd.	22,500	\$2.82	Nov. 13, 2015	\$271,102	Nil	Nil
	Ivanhoe Mines Ltd.	50,000	\$8.20	May 8, 2016	\$347,038	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil
<b>Kjeld Thygesen</b>	Ivanhoe Mines Ltd.	25,000	\$9.37	May 10, 2010	\$145,746	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$10.56	May 12, 2011	\$117,499	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$13.35	May 11, 2012	\$51,272	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$9.65	May 9, 2013	\$139,100	Nil	Nil
	Ivanhoe Mines Ltd.	30,000	\$2.82	Nov. 13, 2015	\$361,470	Nil	Nil
	Ivanhoe Mines Ltd.	50,000	\$8.20	May 8, 2016	\$347,038	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil
Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil	
<b>Robert Hanson</b>	Ivanhoe Mines Ltd.	25,000	\$10.56	May 12, 2011	\$117,499	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$13.35	May 11, 2012	\$51,272	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$9.65	May 9, 2013	\$139,100	Nil	Nil
	Ivanhoe Mines Ltd.	22,500	\$2.82	Nov. 13, 2015	\$271,102	Nil	Nil
	Ivanhoe Mines Ltd.	50,000	\$8.20	May 8, 2016	\$347,038	Nil	Nil
	SouthGobi Energy Resources Ltd.	150,000	\$2.30	June 30, 2011	\$2,107,862	Nil	Nil
	SouthGobi Energy Resources Ltd.	25,000	\$13.80	May 21, 2013	\$78,333	Nil	Nil
	SouthGobi Energy Resources Ltd.	20,000	\$5.10	Nov 27, 2013	\$227,877	Nil	Nil
	SouthGobi Energy Resources Ltd.	35,000	\$10.21	May 6, 2014	\$228,969	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil

Name	Issuer of Option-based Award	Option-based Awards				Share-based Awards	
		Number of Securities Underlying Unexercised Options	Option Exercise Price (Cdn\$/ Option)	Option Expiration Date	Market Value of Unexercised in-the-Money Options (US\$) <sup>(1)</sup>	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-based Awards that have not Vested (US\$)
<b>Markus Faber</b>	Ivanhoe Mines Ltd.	25,000	\$10.56	May 12, 2011	\$117,499	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$13.35	May 11, 2012	\$51,272	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$9.65	May 9, 2013	\$139,100	Nil	Nil
	Ivanhoe Mines Ltd.	30,000	\$2.82	Nov. 13, 2015	\$361,470	Nil	Nil
	Ivanhoe Mines Ltd.	50,000	\$8.20	May 8, 2016	\$347,038	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil
<b>Howard Balloch</b>	Ivanhoe Mines Ltd.	25,000	\$10.56	May 12, 2011	\$117,499	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$13.35	May 11, 2012	\$51,272	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$9.65	May 9, 2013	\$139,100	Nil	Nil
	Ivanhoe Mines Ltd.	22,500	\$2.82	Nov. 13, 2015	\$271,102	Nil	Nil
	Ivanhoe Mines Ltd.	50,000	\$8.20	May 8, 2016	\$347,038	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil
<b>David Korbin</b>	Ivanhoe Mines Ltd.	25,000	\$10.56	May 12, 2011	\$117,499	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$13.35	May 11, 2012	\$51,272	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$9.65	May 9, 2013	\$139,100	Nil	Nil
	Ivanhoe Mines Ltd.	16,875	\$2.82	Nov. 13, 2015	\$203,327	Nil	Nil
	Ivanhoe Mines Ltd.	50,000	\$8.20	May 8, 2016	\$347,038	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	50,000	Nil <sup>(3)</sup>	n/a <sup>(2)</sup>	\$164,279	Nil	Nil
<b>R. Edward Flood</b>	Ivanhoe Mines Ltd.	25,000	\$13.35	May 11, 2012	\$51,272	Nil	Nil
	Ivanhoe Mines Ltd.	165,000	\$9.73	Mar 27, 2013	\$905,526	Nil	Nil
	Ivanhoe Mines Ltd.	25,000	\$9.65	May 9, 2013	\$139,100	Nil	Nil
	Ivanhoe Mines Ltd.	64,500	\$2.82	Nov. 13, 2015	\$777,160	Nil	Nil
	Ivanhoe Mines Ltd.	50,000	\$8.20	May 8, 2016	\$347,038	Nil	Nil
	SouthGobi Energy Resources Ltd.	16,667	\$4.81	Apr 17, 2012	\$194,491	Nil	Nil
	SouthGobi Energy Resources Ltd.	33,334	\$6.00	Jun 22, 2012	\$351,317	Nil	Nil
	SouthGobi Energy Resources Ltd.	25,000	\$13.80	May 21, 2013	\$78,333	Nil	Nil
	SouthGobi Energy Resources Ltd.	20,000	\$5.10	Nov 27, 2013	\$227,877	Nil	Nil
	SouthGobi Energy Resources Ltd.	35,000	\$10.21	May 6, 2014	\$228,969	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil
<b>Bret Clayton</b>	Ivanhoe Mines Ltd.	n/a	n/a	n/a	n/a	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil
<b>Livia Mahler</b>	Ivanhoe Mines Ltd.	50,000	\$8.20	May 8, 2016	\$347,038	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil
<b>Andrew Harding</b>	Ivanhoe Mines Ltd.	n/a	n/a	n/a	n/a	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil	Nil	Nil	Nil

(1) The "Value of Unexercised in-the-Money Options" is calculated on the basis of the difference between the closing price of the common shares of the Corporation on the Toronto Stock Exchange on December 31, 2009 and the Exercise Price of the options. With respect to the Rights (as defined in footnote (2)) issued to each NEO in Ivanhoe Australia, the "value of Unexercised in-the-Money Options" is based upon the closing price of the common shares of Ivanhoe Australia on the Australian Stock Exchange (the "ASX") on December 31, 2009 as the rights have an Exercise Price of nil.

- (2) The Rights granted to each of the directors do not have an expiry date.
- (3) The Rights do not require any additional payment by their respective holders to exercise such Rights for shares of Ivanhoe Australia

### Incentive Plan Awards – value vested or earned during 2009

Name	Issuer of Option-based Award	Option-based Awards – Value Vested During the Year (US\$)	Share-based Awards – Value Vested During the Year (US\$)	Non-Equity Incentive Plan Compensation – Value earned During the Year (US\$)
David Huberman	Ivanhoe Mines Ltd.	\$55,502	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil
Kjeld Thygesen	Ivanhoe Mines Ltd.	\$73,602	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil
Robert Hanson	Ivanhoe Mines Ltd.	\$55,202	Nil	Nil
	SouthGobi Energy Resources Ltd.	\$59,641	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil
Markus Faber	Ivanhoe Mines Ltd.	\$73,602	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil
Howard Balloch	Ivanhoe Mines Ltd.	\$73,602	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil
David Korbin	Ivanhoe Mines Ltd.	\$55,202	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil
	Ivanhoe Australia Limited	\$58,853	Nil	Nil
R. Edward Flood	Ivanhoe Mines Ltd.	\$569,847	Nil	Nil
	SouthGobi Energy Resources Ltd.	\$159,886	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil
Bret Clayton	Ivanhoe Mines Ltd.	Nil	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil
Livia Mahler	Ivanhoe Mines Ltd.	Nil	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil
Andrew Harding	Ivanhoe Mines Ltd.	Nil	Nil	Nil
	SouthGobi Energy Resources Ltd.	Nil	Nil	Nil
	Ivanhoe Australia Limited	Nil	Nil	Nil

## CORPORATE GOVERNANCE

In April 2005, the Canadian Securities Administrators (the “CSA”) announced the adoption of Multilateral Policy 58-201 and National Instrument 58-101 (“NI 58-101”), which each took effect as of June 30, 2005 (collectively, the “CSA Corporate Governance Disclosure Requirements”). The CSA Corporate Governance Disclosure Requirements apply to the Corporation’s disclosure of its corporate governance practices and are substantially consistent with the revised corporate governance listing standards of the New York Stock Exchange. The CSA Corporate Governance Disclosure Requirements require the Corporation to make certain prescribed disclosures respecting its particular corporate governance practices and recommend a series of non-prescriptive corporate governance guidelines (the “CSA Corporate Governance Guidelines”) that Canadian public companies are encouraged to consider in developing their own corporate governance practices.



The Corporation is engaged in an ongoing review of its corporate governance practices against the CSA Corporate Governance Guidelines. The Board intends to consider additional changes to its corporate governance practices with a view to furthering its adherence to the CSA Corporate Governance Guidelines.

The Board of Directors has implemented several changes in its corporate governance procedures to reflect applicable Canadian and U.S. governance guidelines. As part of those changes the Board:

- (i) approved and adopted a new mandate for the Board;
- (ii) appointed an independent director as “lead director”, with specific responsibility for maintaining the independence of the Board and ensuring the Board carries out its responsibilities contemplated by applicable statutory and regulatory requirements and stock exchange listing standards;
- (iii) appointed a Corporate Governance and Nominating Committee consisting solely of independent directors;
- (iv) changed the membership of the Compensation and Benefits Committee to consist solely of independent directors instead of a majority of independent directors;
- (v) approved charters for each of the Corporation’s Board committees, being the Audit Committee, the Compensation and Benefits Committee and the Corporate Governance and Nominating Committee, formalizing the mandates of those committees;
- (vi) established a management Disclosure Committee for the Corporation, with the mandate to oversee the Corporation’s disclosure practices;
- (vii) formalized the Corporation’s Corporate Disclosure, Confidentiality and Securities Trading Policy, and Disclosure Controls and Procedures;
- (viii) instituted meetings of non-management Directors by teleconference between regularly scheduled Board meetings;
- (ix) updated, adopted and published a Statement of Values and Responsibilities;
- (x) adopted a formal Code of Business Conduct and Ethics for the Corporation that governs the behaviour of directors, officers and employees;
- (xi) adopted formalized written position descriptions for the Chairman, Lead Director, chair of each Board committee, CEO and CFO, clearly defining their respective roles and responsibilities;
- (xii) adopted a whistleblower policy administered by an independent third party;

- (xiii) formalized a process for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, on a regular basis; and
- (xiv) adopted a new model for executive compensation for the Corporation.

The Corporation's Common Shares are listed on the New York Stock Exchange ("NYSE") and quoted on the NASDAQ Stock Market ("NASDAQ") and the Corporation is subject to applicable provisions of U.S. securities laws and regulations relating to corporate governance, which have been the subject of sweeping changes in recent years. Both as part of the Sarbanes Oxley Act of 2002 (the "Sarbanes-Oxley Act") and independently, the SEC has enacted a number of new regulations relating to corporate governance standards for U.S. listed companies. In addition, the NYSE and NASDAQ have implemented numerous rule changes (the "NYSE Corporate Governance Rules" and the "NASDAQ Corporate Governance Rules", respectively) that revise the corporate governance standards for NYSE and NASDAQ-listed companies.

THE CSA Audit Committee Rules, the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules, and the NASDAQ Corporate Governance Rules address, among other things, the composition and independence of Boards of directors and Board committees. The CSA Corporate Governance Guidelines are recommendations only and reflect a "best practice" standard to which Canadian public companies are encouraged to adhere. For example, the CSA Corporate Governance Guidelines recommend that a Board should be comprised of a majority of independent directors. On the other hand, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules are prescriptive and require that the Board of a NYSE or NASDAQ-listed company be comprised of a majority of independent directors.

Each of the Sarbanes-Oxley Act, the NYSE Corporate Governance Rules, the NASDAQ Corporate Governance Rules and the CSA Corporate Governance Guidelines define "independence" in a slightly different way. Although a finding of independence remains a matter of judgment and perception based on a particular director's circumstances, the Sarbanes-Oxley Act, the NYSE Corporate Governance Rules, the NASDAQ Corporate Governance Rules and the CSA Corporate Governance Guidelines prescribe certain per se bars to a finding of independence. In addition, there is a heightened independence requirement for members of audit committees under the Sarbanes-Oxley Act, the NYSE Corporate Governance Rules, the NASDAQ Corporate Governance Rules and the CSA Audit Committee Rules. Unlike the CSA Corporate Governance Guidelines, compliance with the requirements of the CSA Audit Committee Rules relating to the composition of audit committees and the heightened standard of independence for audit committee members is mandatory.

Subject to certain exceptions, including the requirement pertaining to the composition and independence of audit committees, foreign private issuers, like the Corporation, are exempt from any requirement of the NASDAQ Corporate Governance Rules and the NYSE Corporate Governance Rules which is contrary to a law, rule or regulation of any public authority exercising jurisdiction over such issuer or contrary to generally accepted business practices in the issuer's country of domicile. The Corporation believes that it is in full compliance with all of the applicable requirements of the CSA Audit Committee Rules and all requirements of the Sarbanes-Oxley Act, the NASDAQ Corporate Governance Rules and the NYSE Corporate Governance Rules applicable to foreign private issuers for which no exemption is available. The Corporation also believes that most, but not all, of its corporate governance practices are consistent with the CSA

Corporate Governance Guidelines. The Corporation intends to continue its efforts to improve its corporate governance practices in order to make them wholly consistent with the CSA Corporate Governance Guidelines.

### Board Composition

The CSA Corporate Governance Guidelines recommend that a majority of the directors of a corporation be independent directors. Under the CSA Corporate Governance Guidelines, the applicable provisions of the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules, an “independent director” is a director who has no direct or indirect material relationship with the Corporation, including as a partner, shareholder or officer of an organization that has a relationship with the Corporation. A “material relationship” is one that would, or in the view of the Board of Directors could, be reasonably expected to interfere with the exercise of a Director’s independent judgment.

A total of twelve persons have been nominated for election as directors at the Meeting. The Board has determined that if all such nominees are elected, the Board will consist of seven “independent directors” (as defined in the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules) and five “non-independent” directors, as follows:

<b>Independent Director Nominees</b>	<b>Non-independent Director Nominees</b>
David Huberman	Robert Friedland <sup>(1)</sup>
David Korbin	John Macken <sup>(1)</sup>
Markus Faber	Peter Meredith <sup>(1)</sup>
Robert Hanson	R. Edward Flood <sup>(2)</sup>
Kjeld Thygesen	Andrew Harding <sup>(3)</sup>
Howard Balloch	
Livia Mahler	

- (1) Each of Messrs. Friedland, Macken and Meredith are “non-independent” director nominees in their capacities as senior officers of the Corporation and/or one or more of its subsidiaries and members or former members of management.
- (2) As at the date of this Management Proxy Circular, Mr. Flood is considered to be a “non-independent” director nominee in his capacity as a former senior officer of one of the Corporation’s subsidiaries. It is expected that Mr. Flood will qualify as an independent director effective June 26, 2010.
- (3) Mr. Harding, an executive officer of Rio Tinto Group, is considered to be a non-independent director nominee as a result of the material relationship between the Corporation and the Rio Tinto Group.

The Chairman of the Corporation holds approximately 21.96% and Rio Tinto holds approximately 22.36 % of the Corporation’s voting securities as of March 30, 2010. The Board has determined that the Corporation currently has seven of twelve directors in David Huberman, Markus Faber, Robert Hanson, Kjeld Thygesen, Howard Balloch, David Korbin and Livia Mahler, all of whom are nominees of management for re-election as Directors at the Meeting and who are “independent” as defined in the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules of each of the Corporation, the Chairman of the Corporation, and Rio Tinto. Effective June 26, 2010, R. Edward Flood will also qualify as a Director who is independent of each of the Corporation, the Chairman of the Corporation, and Rio Tinto.

If the shareholders of the Corporation approve the Articles Amendment Resolution, Rio Tinto has nominated one additional member for election by the shareholders at the

Meeting to hold office until the next annual general meeting of the Corporation. See “Conditional Election of One Additional Director”. Effective June 1, 2010, it is expected that such additional nominee will qualify as an independent director. Rio Tinto has also advised the Corporation that it intends to nominate a further nominee for appointment to the Board following the Meeting, and that such nominee will qualify as an independent director. See “Future Size of Board of Directors”. Accordingly, if both Rio Tinto nominees become members of the Board, and effective upon Mr. Flood’s expected qualification as an independent director in June 2010 as set forth above, if such person is elected the Board will consist of ten “independent directors” (as defined in the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules) and four “non-independent” directors.

The Board believes that it includes a majority of directors who do not have an interest in or relationships with either the Corporation or its principal shareholders and which fairly reflects the investment in the Corporation by shareholders other than the principal shareholders. The Board is satisfied with the size and composition of the Board and believes that the resulting Board composition is a balanced representation among management and non-management directors, and the Corporation’s major shareholders. While the Board functions effectively given the Corporation’s stage of development and the size and complexity of its business, the Board, through its Corporate Governance and Nominating Committee, will continue to seek qualified candidates to augment its experience and expertise and to enhance the Corporation’s ability to effectively develop its business interests.

#### ***Mandate of the Board***

Under the YBCA, the directors of the Corporation are required to manage the Corporation’s business and affairs, and in doing so to act honestly and in good faith with a view to the best interests of the Corporation. In addition, each director must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board of Directors is responsible for supervising the conduct of the Corporation’s affairs and the management of its business. The Board’s mandate includes setting long term goals and objectives for the Corporation, formulating the plans and strategies necessary to achieve those objectives and supervising senior management in their implementation. Although the Board delegates the responsibility for managing the day to day affairs of the Corporation to senior management personnel, the Board retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Corporation and its business.

The Board’s mandate requires that the Board be satisfied that the Corporation’s senior management will manage the affairs of the Corporation in the best interest of the shareholders, in accordance with the Corporation’s principles, and that the arrangements made for the management of the Corporation’s business and affairs are consistent with their duties described above. The Board is responsible for protecting shareholder interests and ensuring that the incentives of the shareholders and of management are aligned. The obligation of the Board must be performed continuously, and not merely from time to time, and in times of crisis or emergency the Board may have to assume a more direct role in managing the affairs of the Corporation.

In discharging this responsibility, the Board’s mandate provides that the Board oversees and monitors significant corporate plans and strategic initiatives. The Board’s strategic

planning process includes annual budget reviews and approvals, and discussions with management relating to strategic and budgetary issues. At least one Board meeting per year is devoted to a comprehensive review of strategic corporate plans proposed by management.

As part of its ongoing review of business operations, the Board periodically reviews the principal risks inherent in the Corporation's business, including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required under its mandate to approve annual operating and capital budgets, any material dispositions, acquisitions and investments outside of the ordinary course of business or not provided for in the approved budgets, long-term strategy, organizational development plans and the appointment of senior executive officers. Management is authorized to act, without Board approval, on all ordinary course matters relating to the Corporation's business.

The mandate provides that the Board also expects management to provide the directors, on a timely basis, with information concerning the business and affairs of the Corporation, including financial and operating information and information concerning industry developments as they occur, all with a view to enabling the Board to discharge its stewardship obligations effectively. The Board expects management to efficiently implement its strategic plans for the Corporation, to keep the Board fully apprised of its progress in doing so and to be fully accountable to the Board in respect to all matters for which it has been assigned responsibility.

The Board has instructed management to maintain procedures to monitor and promptly address shareholder concerns and has directed and will continue to direct management to apprise the Board of any major concerns expressed by shareholders.

Each Committee of the Board is empowered to engage external advisors as it sees fit. Any individual director is entitled to engage an outside advisor at the expense of the Corporation provided such director has obtained the approval of the Corporate Governance and Nominating Committee to do so.

The Board has adopted a strategic planning process which involves, among other things, the following:

- (a) at least one meeting per year will be devoted substantially to review of strategic plans that are proposed by management;
- (b) meetings of the Board, at least quarterly, to discuss strategic issues;
- (c) the Board reviews and assists management in forming short and long term objectives of the Corporation on an ongoing basis; and
- (d) the Board also maintains oversight of management's strategic planning initiatives through annual and quarterly budget reviews and approvals. The strategic planning process adopted by the Board takes into account, among other things, the opportunities and risks of the business.

In order to ensure that the principal business risks borne by the Corporation are identified and appropriately managed, the Board receives periodic reports from management of the Corporation's assessment and management of such risks. In conjunction with its review of operations, the Board considers risk issues when appropriate and approves corporate policies addressing the management of the risk of the Corporation's business.

The Board takes ultimate responsibility for the appointment and monitoring of the Corporation's senior management. The Board approves the appointment of senior management and reviews their performance on an ongoing basis.

The Corporation has a disclosure policy addressing, among other things, how the Corporation interacts with analysts and the public, and contains measures for the Corporation to avoid selective disclosure. The Corporation has a Disclosure Committee responsible for overseeing the Corporation's disclosure practices. This committee consists of the President & Chief Executive Officer, the Chief Financial Officer, the Vice-President & Corporate Secretary, the Corporation's senior Corporation Communications and Investor Relations officers, the Vice President Project Evaluation & Development, and the Resource Manager Project Evaluation & Development, and receives advice from the Corporation's outside legal counsel. The Disclosure Committee assesses materiality and determines when developments justify public disclosure. The committee will review the disclosure policy annually and as otherwise needed to ensure compliance with regulatory requirements. The Board reviews and approves the Corporation's material disclosure documents, including its annual report, annual information form and management proxy circular. The Corporation's annual and quarterly financial statements, Management's Discussion and Analysis and other financial disclosure is reviewed by the Audit Committee and recommended to the Board prior to its release.

### ***Meetings of the Board***

The Board holds regular quarterly meetings. Between the quarterly meetings, the Board meets as required, generally by means of telephone conferencing facilities. As part of the quarterly meetings, the non-management directors also have the opportunity to meet separate from management. If required, between regularly scheduled Board meetings, a meeting of non-management Directors, chaired by the Lead Director, is held by teleconference to update the Directors on corporate developments since the last Board meeting. Management also communicates informally with members of the Board on a regular basis, and solicits the advice of the Board members on matters falling within their special knowledge or experience.

### ***Board Committees***

The Corporation has an Audit Committee, Compensation and Benefits Committee, Corporate Governance and Nominating Committee, Currency Advisory Committee and an Executive Committee.

### ***Audit Committee***

The mandate of the Audit Committee is to oversee the Corporation's financial reporting obligations, systems and disclosure, including monitoring the integrity of the Corporation's financial statements, monitoring the independence and performance of the Corporation's external auditors and acting as a liaison between the Board and the Corporation's auditors. The activities of the Audit Committee typically include reviewing

interim financial statements and annual financial statements, management discussion and analysis and earnings press releases before they are publicly disclosed, ensuring that internal controls over accounting and financial systems are maintained and that accurate financial information is disseminated to shareholders. Other responsibilities include reviewing the results of internal and external audits and any change in accounting procedures or policies, and evaluating the performance of the Corporation's auditors. The Audit Committee communicates directly with the Corporation's external auditors in order to discuss audit and related matters whenever appropriate.

The Audit Committee currently consists of Messrs. Korbin (Chair), Thygesen, Faber and Ms. Mahler, all of whom are nominees of management for re-election as Directors at the Meeting. The CSA Audit Committee Rules provide for audit committees to consist solely of independent directors. Each of Messrs. Korbin, Thygesen, Faber and Ms. Mahler are "independent directors" for the purposes of the CSA Audit Committee Rules, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules, having regard to the heightened independence requirements applicable to audit committee members. Mr. Stevenson, the additional nominee for election to the Board as set forth under "Conditional Election of One Additional Director," will be an "independent director" within the meaning of such rules effective June 1, 2010, and will be eligible to join the Audit Committee at that time.

The Board has determined that all members of the Audit Committee are financially literate since each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Mr. Korbin (a nominee of management for re-election as a Director at the Meeting) has been determined by the Board of Directors to be an Audit Committee Financial Expert, as such term is defined in the U.S. Securities Exchange Act of 1934, as amended. The Corporation believes that Mr. Korbin, a Chartered Accountant with over 30 years experience as an auditor with a major accounting firm is qualified to be an Audit Committee Financial Expert.

The Corporation has adopted an Audit Committee charter which codifies the mandate of the Audit Committee to, and specifically defines its relationship with, and expectations of, the external auditors, including the establishment of the independence of the external auditor and the approval of any non-audit mandates of the external auditor; the engagement, evaluation, remuneration and termination of the external auditor; its relationship with, and expectations of, the internal auditor function and its oversight of internal control; and the disclosure of financial and related information. The Board will review and reassess the adequacy of the Audit Committee charter on an annual basis.

The Audit Committee has regular access to the Chief Financial Officer of the Corporation. The external auditors regularly attend all meetings of the Audit Committee. At each meeting of the Audit Committee, a portion of the meeting is set aside to discuss matters with the external auditors without management being present. In addition, the Audit Committee has the authority to call a meeting with the external auditors without management being present, at the Committee's discretion. Additional information regarding the Audit Committee is located in the Directors and Officers section of the Corporation's Annual Information Form.

### ***Compensation and Benefits Committee***

The role of the Compensation and Benefits Committee is primarily to review the adequacy and form of compensation of senior management and the directors with such compensation realistically reflecting the responsibilities and risks of such positions, to administer the Corporation's Employees' and Directors' Equity Incentive Plan, to determine the recipients of, and the nature and size of share compensation awards granted from time to time, to determine the remuneration of executive officers and to determine any bonuses to be awarded.

The Compensation and Benefits Committee currently consists of Messrs. Huberman (Chair), Hanson, Korbin, Faber and Balloch. Each member of the committee qualifies as an "independent director" for the purposes of the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules.

### ***Corporate Governance and Nominating Committee***

The Corporate Governance and Nominating Committee is responsible for making recommendations to the Board with respect to developments in the area of corporate governance and the practices of the Board. The Corporate Governance and Nominating Committee have expressly assumed responsibility for developing the Corporation's approach to governance issues. The Committee is also responsible for reporting to the Board with respect to appropriate candidates for nomination to the Board, for overseeing the execution of an assessment process appropriate for the Board and its committees and for evaluating the performance and effectiveness of the Board and its committees.

The Corporate Governance and Nominating Committee of the Board currently consists of Messrs. Huberman (Chair), Hanson, Thygesen, Balloch, and Ms. Mahler, all of whom are nominees of management for re-election as Directors at the Meeting. Each member of the Committee qualifies as an "independent director" for the purposes of the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules.

### ***Executive Committee***

The Executive Committee, which currently consists of Messrs. Friedland, Meredith, Macken and Huberman, was created by the Board to meet as required, between meetings of the full Board. The Executive Committee has authority to approve expenditures of up to US\$10,000,000. Any decisions taken by the Executive Committee must be reported to, and ratified by, the full Board at its next meeting.

### ***Code of Business Conduct and Ethics***

The Corporation has adopted a Code of Business Conduct and Ethics applicable to all employees, consultants, officers and directors regardless of their position in the organization, at all times and everywhere the Corporation does business. The Code of Business Conduct and Ethics provides that the Corporation's employees, consultants, officers and directors will uphold its commitment to a culture of honesty, integrity and accountability and the Corporation requires the highest standards of professional and ethical conduct from its employees, consultants, officers and directors. A number of housekeeping amendments to the Code were made in 2007 to clarify consulting and reporting procedures and to recognize the Corporation's whistleblower mechanism. A



copy of the Corporation's Code of Business Conduct and Ethics, as amended, has been filed on SEDAR and is available on the Corporation's website ([www.ivanhoemines.com](http://www.ivanhoemines.com)). A copy may also be obtained, without charge, by request to the Vice-President and Corporate Secretary, 654 – 999 Canada Place, Vancouver, British Columbia, Canada V6C 3E1, telephone to (604) 688-5755.

### **CSA Corporate Governance Guidelines**

The Corporation's statement of corporate governance practices with reference to each of the CSA Corporate Governance Guidelines is set out in Schedule "F" to this Management Proxy Circular.

### **OTHER BUSINESS**

Management of the Corporation is not aware of any matter to come before the Meeting other than the matters referred to in the Notice of the Meeting.

### **DIRECTORS' APPROVAL**

The contents of this Management Proxy Circular and its distribution to shareholders have been approved by the Board of Directors of the Corporation.

### **ADDITIONAL INFORMATION**

Copies of the Corporation's Annual Information Form, annual financial statements, and Management Discussion and Analysis for its most recently completed financial year filed pursuant to applicable Canadian provincial securities laws are available free of charge on or through the Corporation's website at [www.IvanhoeMines.com](http://www.IvanhoeMines.com) or through the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com). Finally, securityholders may contact the Corporation directly to receive copies of, such filings, without charge, upon written or oral request to Beverly A. Bartlett, Vice President and Corporate Secretary, Suite 654-999 Canada Place, Vancouver, British Columbia, V6C 3E1, or by telephone at (604) 688-5755.

**DATED** at Vancouver, British Columbia, as of the 5th day of April, 2010.

### **BY ORDER OF THE BOARD**

"BEVERLY A. BARTLETT"  
VICE PRESIDENT AND CORPORATE SECRETARY

## **SCHEDULE "A-1"**

### **ARTICLES AMENDMENT RESOLUTION**

BE IT RESOLVED, as a special resolution of the shareholders of Ivanhoe Mines Ltd., that:

1. the proposed amendments to the Articles of the Corporation as described in the Management Proxy Circular of the Corporation dated April 5, 2010, which provide for the amendment of Article 4 of the Corporation's Articles, be and are hereby approved;
2. Article 4 of the Corporation's Articles be deleted and replaced with the following:
  4. The number of Directors of the Corporation shall be not less than three (3), nor more than fourteen (14); and
3. any one director or any one officer of the Corporation is hereby authorized and directed to execute, whether under the corporate seal of the Corporation or otherwise, and to deliver all such other confirmations, instruments, agreements, certificates and other documents and to do all such other acts and things as in his or her opinion may be necessary or desirable in connection with the foregoing.

## **SCHEDULE "A-2"**

### **RESOLUTION TO FIX NUMBER OF DIRECTORS**

BE IT RESOLVED, as an ordinary resolution of the shareholders of Ivanhoe Mines Ltd., that:

1. upon the amendment of Article 4 of the Corporation's Articles to permit the maximum of fourteen (14) directors, that the number of directors of the Corporation be fixed at fourteen (14); and
2. any one director or any one officer of the Corporation is hereby authorized and directed to execute, whether under the corporate seal of the Corporation or otherwise, and to deliver all such other confirmations, instruments, agreements, certificates and other documents and to do all such other acts and things as in his or her opinion may be necessary or desirable in connection with the foregoing.

## **SCHEDULE "B"**

### **EQUITY INCENTIVE PLAN RESOLUTION**

BE IT RESOLVED, as an ordinary resolution of the shareholders of Ivanhoe Mines Ltd., that:

1. the proposed amendments to the existing Amended and Restated Employees' and Directors' Equity Incentive Plan of the Corporation dated May 8, 2009 (the "Existing Plan") as described in, and as attached as Schedule "C" to the Management Proxy Circular of the Corporation dated April 5, 2010, which (i) amend the amending provisions of Section 5.7 of the Existing Plan; (ii) amend section 4.3 of the Existing Plan by specifying 1,000,000 shares as the aggregate maximum number of shares that may be issued pursuant to the Share Purchase Plan; and (iii) make certain other technical amendments to Sections 2.6, 4.4, 5.1 and 5.5 of the Existing Plan, be and are hereby approved; and
2. any one director or any one officer of the Corporation is hereby authorized and directed to execute, whether under the corporate seal of the Corporation or otherwise, and to deliver all such other confirmations, instruments, agreements, certificates and other documents and to do all such other acts and things as in his or her opinion may be necessary or desirable in connection with the foregoing.

## **SCHEDULE "C"**

### **EQUITY INCENTIVE PLAN**

**IVANHOE MINES LTD.**

### **EMPLOYEES' AND DIRECTORS' EQUITY INCENTIVE PLAN**

**AMENDED AND RESTATED**

**~~MAY 8, 2009~~ May 7, 2010**

#### **PART 1 INTRODUCTION**

##### **1.1 Purpose**

The purpose of the Plan is to secure for the Company and its shareholders the benefits of incentive inherent in share ownership by the employees and directors of the Company and its affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success. It is generally recognized that share plans of the nature provided for herein aid in retaining and encouraging employees and directors of exceptional ability because of the opportunity offered them to acquire a proprietary interest in the Company.

##### **1.2 Definitions**

- (a) "Affiliate" has the meaning set forth in Section 1(2) of the Ontario Securities Act, as amended, and includes those issuers that are similarly related, whether or not any of the issuers are corporations, companies, partnerships, limited partnerships, trusts, income trusts or investment trusts or any other organized entity issuing securities.
- (b) "Associate" has the meaning assigned to it in the Ontario Securities Act, as amended.
- (c) "Board" means the board of directors of the Company.
- (d) "Blackout Period" means a period in which the trading of Shares or other securities of the Company is restricted under the Company's Corporate Disclosure, Confidentiality and Securities Trading Policy, or under an insider trading policy or other policy of the Company then in effect.
- (e) "Company" means Ivanhoe Mines Ltd., a company continued under the laws of the Yukon Territory.
- (f) "Committee" has the meaning attributed thereto in Section 6.1.
- (g) "Eligible Directors" means the directors of the Company or any Affiliate thereof who are, as such, eligible for participation in the Plan.

- (h) "Eligible Employees" means employees (including employees who are officers and directors) of the Company or any Affiliate thereof, whether or not they have a written employment contract with Company, determined by the Board, upon recommendation of the Committee, as employees eligible for participation in the Plan. "Eligible Employees" shall include Service Providers eligible for participation in the Plan as determined by the Board.
- (i) "Fair Market Value" means, with respect to a Share subject to Option, the volume weighted average price of the Shares on The Toronto Stock Exchange for the five days on which Shares were traded immediately preceding the date in respect of which Fair Market Value is to be determined or, if the Shares are not, as at that date listed on The Toronto Stock Exchange, on such other exchange or exchanges on which the Shares are listed on that date. If the Shares are not listed and posted for trading on an exchange on such day, the Fair Market Value shall be such price per Share as the Board, acting in good faith, may determine.
- (j) "Insider" has the meaning assigned to it in the Ontario Securities Act, as amended, and also includes an Associate or Affiliate of any person who is an Insider.
- (k) "Option" means an option granted under the terms of the Share Option Plan.
- (l) "Option Period" means the period during which an Option is outstanding.
- (m) "Optionee" means an Eligible Employee or Eligible Director to whom an Option has been granted under the terms of the Share Option Plan.
- (n) "Participant" means, in respect of any Plan, an Eligible Employee or Eligible Director who participates in such Plan.
- (o) "Plan" means, collectively the Share Option Plan, the Share Bonus Plan and the Share Purchase Plan and "Plan" means any such plan as the context requires.
- (p) "Service Provider" means any person or company engaged by the Company or an Affiliate to provide services for an initial, renewable or extended period of 12 months or more.
- (q) "Share Bonus Plan" means the plan established and operated pursuant to Part 3 and Part 5 hereof.
- (r) "Share Option Plan" means the plan established and operated pursuant to Part 2 and Part 5 hereof.
- (s) "Share Purchase Plan" means the plan established and operated pursuant to Part 4 and Part 5 hereof.
- (t) "Shares" means the common shares of the Company.

## **PART 2      SHARE OPTION PLAN**

### **2.1      Participation**

Options shall be granted only to Eligible Employees and Eligible Directors.

### **2.2      Administration of Share Option Plan.**

The Share Option Plan shall be administered by the Committee.

### **2.3      Price**

The exercise price per Share of any Option shall be not less than one hundred per cent (100%) of the Fair Market Value on the date of grant.

### **2.4      Grant of Options**

The Board, on the recommendation of the Committee, may at any time authorize the granting of Options to such Eligible Employees and Eligible Directors as it may select for the number of Shares that it shall designate, subject to the provisions of the Share Option Plan. The date of grant of an Option shall be (i) the date such grant was approved by the Committee for recommendation to the Board, provided the Board approves such grant; or (ii) for a grant of an Option not approved by the Committee for recommendation to the Board, the date such grant was approved by the Board.

Each Option granted to an Eligible Employee or to an Eligible Director shall be evidenced by a stock option agreement with terms and conditions consistent with the Share Option Plan and as approved by the Board on the recommendation of the Committee (which terms and conditions need not be the same in each case and may be changed from time to time, subject to section 5.7 of the Plan, and the approval of any material changes by The Toronto Stock Exchange or such other exchange or exchanges on which the Shares are then traded).

### **2.5      Terms of Options**

The Option Period shall be seven years from the date such Option is granted or such greater or lesser duration as the Board, on the recommendation of the Committee, may determine at the date of grant, and may thereafter be reduced with respect to any such Option as provided in Section 2.8 hereof covering termination of employment or death of the Optionee; provided, however, that at any time the expiry date of the Option Period in respect of any outstanding Option under this Plan (either before or after its amendment and restatement on May 11, 2007) should be determined to occur either during a Blackout Period or within ten business days following the expiry of the Blackout Period, the expiry date of such Option Period shall be deemed to be the date that is the tenth business day following the expiry of the Blackout Period.

Unless otherwise determined from time to time by the Board, on the recommendation of the Committee, Options shall vest and may be exercised (in each case to the nearest full Share) during the Option Period as follows:

- (a) at any time after the first year of the Option Period, the Optionee may purchase up to 25% of the total number of Shares reserved for issuance pursuant to his or her Option; and
- (b) at any time during each successive further year of the Option Period the Optionee may purchase an additional 25% of the total number of Shares reserved for issuance pursuant to his or her Option plus any Shares not purchased in accordance with the preceding subsection (a) and this subsection (b) until, in the fourth year of the Option Period, 100% of the Option will be exercisable.

Except as set forth in Section 2.8, no Option may be exercised unless the Optionee is at the time of such exercise:

- (a) in the case of an Eligible Employee, in the employ of the Company or an Affiliate and shall have been continuously so employed since the grant of his Option, but absence on leave, having the approval of the Company or such Affiliate, shall not be considered an interruption of employment for any purpose of the Share Option Plan; or
- (b) in the case of an Eligible Director, a director of the Company or an Affiliate and shall have been such a director continuously since the grant of his Option.

Subject to Section 2.6, the exercise of any Option will be contingent upon the Optionee having entered into an Option agreement with the Company on such terms and conditions as have been approved by the Board, on the recommendation of the Committee, and which incorporates by reference the terms of the Plan. Subject to Section 2.6, the exercise of any Option will also be contingent upon receipt by the Company of cash payment of the full purchase price of the Shares being purchased. No Optionee or his legal representatives or legatees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to him or them under the terms of the Share Option Plan.

## **2.6 ~~Cashless Exercise~~ Share Appreciation Right**

Participants have the right (the "Right"), in lieu of the right to exercise an Option, to terminate such Option in whole or in part (the "Terminated Option") by notice in writing delivered by the Participant to the Company electing to exercise the Right and, in lieu of receiving the Shares (the "Option Shares") to which the Terminated Option relates, to receive the number of Shares, disregarding fractions, which is equal to the quotient obtained by:

- (a) subtracting the Option exercise price per Share from the Fair Market Value per Share on the day immediately prior to the exercise of the Right and multiplying the remainder by the number of Option Shares; and
- (b) dividing the product obtained under subsection 2.6(a) by the Fair Market Value per Share on the day immediately prior to the exercise of the Right.

If a Participant exercises a Right in connection with an Option, it is exercisable only to the extent and on the same conditions that the related Option is exercisable under the Plan.



## **2.7 Lapsed Options**

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options, subject in the case of the cancellation of an Option in connection with the grant of a new Option to the same person on different terms, to the consent of the Toronto Stock Exchange.

## **2.8 Effect of Termination of Employment or Death**

If an Optionee:

- (a) dies while employed by or while a director of the Company or its Affiliate, any Option held by him at the date of death shall become exercisable in whole or in part, but only by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or applicable laws of descent and distribution. Unless otherwise determined by the Board, on the recommendation of the Committee, all such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his death and only for 12 months after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner; or
- (b) ceases to be employed by or act as a director of the Company or its Affiliate for cause, no Option held by such Optionee will, unless otherwise determined by the Board, on the recommendation of the Committee, be exercisable following the date on which such Optionee ceases to be so employed or ceases to be a director, as the case may be. If an Optionee ceases to be employed by or act as a director of the Company or its Affiliate for any reason other than cause then, unless otherwise determined by the Board, on the recommendation of the Committee, any Option held by such Optionee at the effective date thereof shall become exercisable for a period of up to 12 months thereafter or prior to the expiration of the Option Period in respect thereof, whichever is sooner.

## **2.9 Effect of Takeover Bid**

If a bona fide offer (the "Offer") for Shares is made to the Optionee or to shareholders generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror exercising control over the Company within the meaning of subsection 1(3) of the Ontario Securities Act (as amended from time to time), then the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee currently holding an Option of the Offer, with full particulars thereof, whereupon, notwithstanding Section 2.5 hereof, such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise (the "Optioned Shares") pursuant to the Offer.

## **2.10 Effect of Amalgamation or Merger**

If the Company amalgamates or merges with or into another corporation, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Participant would have received upon such amalgamation or merger if the Participant had exercised his Option immediately prior to the record date applicable to such amalgamation or merger, and the option price shall be adjusted appropriately by

the Board and such adjustment shall be binding for all purposes of the Share Option Plan.

### **2.11 Adjustment in Shares Subject to the Plan**

If there is any change in the Shares through the declaration of stock dividends of Shares or consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under the Share Option Plan, the Shares subject to any Option, and the option price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Share Option Plan.

### **2.12 Loans to Employees**

Subject to applicable law, the Board may at any time authorize the Company to loan money to an Eligible Employee (which for purposes of this Section 2.12 excludes any director or executive officer (or equivalent thereof) of the Company), on such terms and conditions as the Board may reasonably determine, to assist such Eligible Employee to exercise an Option held by him or her. Such terms and conditions shall include, in any event, interest at prevailing market rates, a term not in excess of one year, and security in favour of the Company represented by that number of Shares issued pursuant to the exercise of an Option in respect of which such loan was made or equivalent security which equals the loaned amount divided by the Fair Market Value of the Shares on the date of exercise of the Option, which security may be granted on a non-recourse basis.

## **PART 3 SHARE BONUS PLAN**

### **3.1 Participants**

The Board, on the recommendation of the Committee, shall have the right, subject to Section 3.2, to issue or reserve for issuance, for no cash consideration, to any Eligible Employee or any Eligible Director any number of Shares as a discretionary bonus subject to such provisos and restrictions as the Board may determine.

### **3.2 Number of Shares**

The aggregate maximum number of shares that may be issued pursuant to Section 3.1 will be limited to 4,500,000 Shares. Shares reserved for issuance and issued under the Share Bonus Plan shall be subject to the limitations set out in Section 5.1.

The Board, on the recommendation of the Committee, in its absolute discretion, shall have the right to reallocate any of the Shares reserved for issuance under the Share Bonus Plan for future issuance under the Share Option Plan or the Share Purchase Plan and, in the event that any Shares specifically reserved under the Share Bonus Plan are reallocated to the Share Option Plan or the Share Purchase Plan, as the case may be, the aggregate maximum number of Shares reserved under the Share Bonus Plan will be reduced to that extent. In no event will the number of Shares allocated for issuance under the Share Bonus Plan exceed 4,500,000 Shares.

### **3.3 Necessary Approvals**

The obligation of the Company to issue and deliver any Shares pursuant to an award made under the Share Bonus Plan will be subject to all necessary approvals of any exchange or securities regulatory authority having jurisdiction over the Shares.

## **PART 4 SHARE PURCHASE PLAN**

### **4.1 Participants**

Participants in the Share Purchase Plan will be Eligible Employees who have been continuously employed by the Company or any of its Affiliates on a full-time basis for at least 12 consecutive months and who have been designated by the Board, on the recommendation of the Committee, as participants in the Share Purchase Plan ("Share Purchase Plan Participants"). The Board, on the recommendation of the Committee, shall have the right, in its absolute discretion, to waive such 12-month period or to refuse any Eligible Employee or group of Eligible Employees the right of participation or continued participation in the Share Purchase Plan.

### **4.2 Election to Participate in the Share Purchase Plan and Participant's Contribution**

Any Share Purchase Plan Participant may elect to contribute money (the "Participant's Contribution") to the Share Purchase Plan in any calendar year if the Share Purchase Plan Participant delivers to the Company a written direction in form and substance satisfactory to the Company authorizing the Company to deduct from the Share Purchase Plan Participant's salary, in equal instalments, the Participant's Contribution. Such direction will remain effective until revoked in writing by the Share Purchase Plan Participant or until the Board terminates or suspends the Share Purchase Plan, whichever is earlier.

The Share Purchase Plan Participant's Contribution as determined by the Board, on the recommendation of the Committee, shall not exceed 10% of the Share Purchase Plan Participant's basic annual salary from the Company and its Affiliates at the time of delivery of the direction, before deductions, exclusive of any overtime pay, bonuses or allowances of any kind whatsoever (the "Basic Annual Salary"). In the case of a Share Purchase Plan Participant for whom the Board, on the recommendation of the Committee, has waived the 12-month employment requirement, the Share Purchase Plan Participant's Contribution shall not exceed 10% of his Basic Annual Salary from the Company and its Affiliates at the time of delivery of the direction, prorated over the remainder of the calendar year, before deductions and exclusive of any overtime pay, bonuses or allowances of any kind whatsoever.

### **4.3 Company's Contribution**

Immediately prior to the date any Shares are issued to a Share Purchase Plan Participant in accordance with Section 4.4, the Company will credit the Share Purchase Plan Participant with, and thereafter hold in trust for the Share Purchase Plan Participant, an amount determined by the Board (the "Company's Contribution") not to exceed the Participant's Contribution then held in trust by the Company. The aggregate maximum number of shares that may be issued pursuant to the Share Purchase Plan will be limited to 1,000,000 Shares.

#### **4.4 Issue of Shares**

On March 31, June 30, September 30 and December 31 in each calendar year the Company will issue to each Share Purchase Plan Participant fully paid and non-assessable Shares, disregarding fractions, which is equal to the aggregate amount of the Participant's Contribution and the Company's Contribution divided by the Issue Price. For the purposes of this Section 4.4, "Issue Price" means the weighted average price of the Shares on The Toronto Stock Exchange, or such exchange or exchanges on which the Shares may be traded at such time for the 90-day period immediately preceding the date of issuance. If the Shares are not traded on an exchange on the date of issuance, the Issue Price shall be such price per Share as the Board, acting in good faith, may determine.

The Company shall hold any unused balance of the Participant's Contribution for a Share Purchase Plan Participant until used in accordance with the Share Purchase Plan.

#### **4.5 Delivery of Shares**

As soon as reasonably practicable following each issuance of Shares to a Share Purchase Plan Participant pursuant to Section 4.4, the Company will cause to be delivered to the Share Purchase Plan Participant a certificate in respect of such Shares provided that, if required by applicable law or the rules and policies of The Toronto Stock Exchange or such other exchange or exchanges on which the Shares are traded, a restrictive legend shall be inscribed on the certificate, which legend shall state that the Shares shall not be transferable for such period as may be prescribed by law or by any regulatory authority or stock exchange on which the Shares are listed.

#### **4.6 Effect of Termination of Employment or Death**

If a Participant dies or otherwise ceases to be employed by the Company or any of its Affiliates for any reason or receives notice from the Company of the termination of his or her employment, the Share Purchase Plan Participant's participation in the Share Purchase Plan will be deemed to be terminated and any portion of the Participant's Contribution then held in trust shall be paid to the Share Purchase Plan Participant or his estate or successor as the case may be.

#### **4.7 Effect of Amalgamation or Merger**

If the Company amalgamates or merges with or into another corporation, each Share Purchase Plan Participant to whom Shares are to be issued will receive, on the date on which any Shares would otherwise have been delivered to the Share Purchase Plan Participant in accordance with Section 4.5, the securities, property or cash to which the Share Purchase Plan Participant would have been entitled on such amalgamation, consolidation or merger had the Shares been issued immediately prior to the record date of such amalgamation or merger.

### **PART 5 GENERAL**

#### **5.1 Number of Shares**

The aggregate number of Shares that may be reserved for issuance under this Plan (together with any other securities – based –~~on~~ compensation arrangements of the

Company in effect from time to time) shall not exceed 6.5% of the issued and outstanding Shares from time to time. This prescribed maximum may be subsequently increased to any other specified amount, provided the increase is authorized by a vote of the shareholders of the Company. In addition, the aggregate number of Shares reserved for issuance under the Plan:

- (a) that may be reserved for issuance to Insiders under the Plan (or when combined with all of the Company's other security based compensation arrangements) shall not exceed 10% of the Company's outstanding issue from time to time;
- (b) that may be issued to Insiders under the Plan (or when combined with all of the Company's other security based compensation arrangements) within any one-year period shall not exceed 10% of the Company's outstanding issue from time to time; and
- (c) that may be issued to any one Insider and his or her Associates under the Plan within any one-year period shall not exceed 5% of the Company's outstanding issue from time to time.

In no event will the number of Shares at any time reserved for issuance to any Participant exceed 5% of the Company's outstanding issue from time to time.

For the purposes of this Section 5.1, "outstanding issue" means the total number of Shares, on a non-diluted basis, that are issued and outstanding immediately prior to the date that any Shares are issued or reserved for issuance pursuant to an award under the Plan.

For greater certainty, as this Plan is a rolling plan, the reloading of Options is permitted under the Plan and Options that are exercised, surrendered, terminated or expire without being exercised no longer represent Shares reserved for issuance under this Plan and do not decrease the number of Shares issuable under this Section 5.1 as determined from time to time, subject to the provisions in Section 2.7.

## **5.2 Transferability**

Any benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable unless specifically provided herein. During the lifetime of a Participant all benefits, rights and options may only be exercised by the Participant. Options are non-transferable except by will or by the laws of descent and distribution.

## **5.3 Employment**

Nothing contained in any Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Company or any, Affiliate, or interfere in any way with the right of the Company or any Affiliate to terminate the Participant's employment at any time. Participation in any Plan by a Participant is voluntary.

## **5.4 Record Keeping**

The Company shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant;
- (b) the Plan or Plans in which the Participant participates;
- (c) any Participant's Contributions;
- (d) the number of unissued Shares reserved for issuance pursuant to an Option or pursuant to an award made under the Share Bonus Plan in favour of a Participant; and
- (e) such other information as the Board may determine.

### **5.5 Necessary Approvals**

The Plan shall be effective only upon formal adoption by the Board following the approval of the shareholders of the Company in accordance with the rules and policies of The Toronto Stock Exchange.

The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction in respect of the Shares or any exchanges on which the Shares are then listed which may be required in connection with the authorization, issuance or sale of such Shares by the Company. If any Shares cannot be issued to any Participant for any reason including, without limitation, the failure to obtain such approval, the obligation of the Company to issue such ~~Share~~Shares shall terminate and any Participant's Contribution or option price paid to the Company shall be returned to the Participant.

### **5.6 Income Taxes**

The Company may withhold from any remuneration or consideration whatsoever payable to such Participant hereunder, any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan.

### **5.7 Amendments to Plan**

The Board shall have the power to, at any time and from time to time, either prospectively or retrospectively, amend, suspend or terminate the Plan or any Option or other award granted under the Plan without shareholder approval, including, without limiting the generality of the foregoing: changes of a clerical or grammatical nature, changes regarding the persons eligible to participate in the Plan, changes to the exercise price, vesting, term and termination provisions of Options, changes to the cashless exercise right provisions, changes to the share bonus plan provisions (other than the maximum number of Shares issuable under the Bonus Plan in Section 3.2 of the Plan), changes to the authority and role of the Compensation and Benefits Committee under the Plan, changes to the acceleration and vesting of Options in the event of a takeover bid, and any other matter relating to the Plan and the Options and awards granted thereunder, provided however that:

- a) such amendment, suspension or termination is in accordance with applicable laws and the rules of any stock exchange on which the Shares are listed;

- b) no amendment to the Plan or to an Option granted hereunder will have the effect of impairing, derogating from or otherwise adversely affecting the terms of an Option which is outstanding at the time of such amendment without the written consent of the holder of such Option;
- c) the expiry date of an Option Period in respect of an Option shall not be more than ten years from the date of grant of an Option except as expressly provided in Section 2.5;
- d) the Directors shall obtain shareholder approval of:
  - (i) any amendment to the aggregate maximum number of Shares specified in subsection 3.2 (Share Bonus Plan);
  - (ii) any amendment to the aggregate percentage of Shares specified in subsection 5.1;
  - (iii) any amendment to the limitations on Shares that may be reserved for issuance, or issued, to Insiders under subsections 5.1(a) (b) and (c);
  - (iv) any amendment that would reduce the exercise price of an outstanding Option ~~of an Insider~~ other than pursuant to section 2.11;
  - (v) any amendment that would extend the expiry date of the Option Period in respect of any Option granted under the Plan ~~to an Insider~~ except as expressly contemplated in subsection 2.5;
  - (vi) any amendment which would accelerate the vesting of any Option held by an Optionee, except upon the death, disability or retirement of such Optionee, a change in control of the Company, or in the case of a non-material variation of any performance milestone required for the vesting of Options; and
  - (vii) Any amendment to the amending provision set out in Section 5.7 (Amendments to Plan)

If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights pursuant thereto remain outstanding and, notwithstanding the termination of the Plan, the Board shall remain able to make such amendments to the Plan or the Options as they would have been entitled to make if the Plan were still in effect.

## **5.8 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

## **5.9 Compliance with Applicable Law, etc**

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

## **PART 6 ADMINISTRATION OF THE PLAN**

### **6.1 Administration by the Committee**

- (a) Unless otherwise determined by the Board, the Plan shall be administered by the Compensation and Benefits Committee (the "Committee") appointed by the Board and constituted in accordance with such Committee's charter. The members of the Committee serve at the pleasure of the Board and vacancies occurring in the Committee shall be filled by the Board.
- (b) The Committee shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan, to:
  - (i) adopt and amend rules and regulations relating to the administration of the Plan and make all other determinations necessary or desirable for the administration of the Plan. The interpretation and construction of the provisions of the Plan and related agreements by the Committee shall be final and conclusive. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any related agreement in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency; and
  - (ii) otherwise exercise the powers delegated to the Committee by the Board and under the Plan as set forth herein.

### **6.2 Board Role**

- (a) The Board, on the recommendation of the Committee, shall determine and designate from time to time the individuals to whom awards shall be made, the amounts of the awards and the other terms and conditions of the awards.
- (b) The Board may delegate any of its responsibilities or powers under the Plan to the Committee, provided that the grant of all Shares, Options or other awards under the Plan shall be subject to the approval of the Board. No Option shall be exercisable in whole or in part unless and until such approval is obtained.
- (c) In the event the Committee is unable or unwilling to act in respect of a matter involving the Plan, the Board shall fulfill the role of the Committee provided for herein.



## **SCHEDULE "D"**

### **SHAREHOLDER RIGHTS PLAN RESOLUTION**

BE IT RESOLVED THAT:

- (a) the shareholder rights plan agreement effective as of April 5, 2010 between the Corporation and CIBC Mellon Trust Company, as rights agent, is hereby approved, ratified and confirmed; and
- (b) any one director or any one officer of the Corporation is hereby authorized and directed to execute, whether under the corporate seal of the Corporation or otherwise, and to deliver all such other confirmations, instruments, agreements, certificates and other documents and to do all such other acts and things as in his or her opinion may be necessary or desirable in connection with the foregoing.

## **SCHEDULE “E”**

### **SUMMARY OF SHAREHOLDER RIGHTS PLAN**

Ivanhoe Mines Ltd. (the “Corporation”) adopted and entered into a shareholder rights plan agreement (the “Shareholder Rights Plan”) with CIBC Mellon Trust Company summarized herein on April 5, 2010. The purpose of the Shareholder Rights Plan is to provide the Board of Directors of the Corporation and holders (the “Shareholders”) of the common shares (the “Common Shares”) of the Corporation with sufficient time to properly consider any take-over bid made for the Corporation and to allow enough time for competing bids and alternative proposals to emerge. The Shareholder Rights Plan also seeks to ensure that all Shareholders are treated fairly in any transaction involving a change of control of the Corporation and that all Shareholders have an equal opportunity to participate in the benefits of a take-over bid. The Shareholder Rights Plan encourages potential acquirers to negotiate the terms of any offer for Common Shares with the Board of Directors or, alternatively, to make a Permitted Bid (as defined in the Shareholder Rights Plan) without the approval of the Board of Directors.

The summary of the Shareholder Rights Plan set out herein only includes the material terms and conditions of the Shareholder Rights Plan. The summary is qualified by and is subject to the full terms and conditions of the Shareholder Rights Plan. The full text of the Shareholder Rights Plan is contained in an agreement (the “Agreement”) dated as of April 5, 2010, between the Corporation and CIBC Mellon Trust Company, as rights agent. The Agreement is subject to confirmation by Shareholders at the Corporation’s 2010 annual and special meeting of Shareholders (the “Meeting”), where it must be approved by not less than a majority of the votes cast by both (a) all Shareholders present or represented by proxy at the Meeting, and (b) all Shareholders present or represented by proxy at the Meeting that are not “Grandfathered Persons” (i.e. Shareholders who already beneficially own 20% or more of the outstanding Voting Shares on the effective date) under the Shareholder Rights Plan. As of the date of this Information Circular, the only Grandfathered Persons under the Shareholder Rights Plan are Rio Tinto International Holdings Limited, Robert M. Friedland and their respective affiliates.

#### **Issuance of Rights**

The Shareholder Rights Plan provides that one right (a “Right”) be issued in respect of each of the outstanding Common Shares to Shareholders as of the effective date of the Agreement, as well as in respect of each Common Share issued after the effective date of the Agreement and prior to the Separation Time (as defined below).

#### **Trading of Rights**

Notwithstanding the effectiveness of the Shareholder Rights Plan, the Rights are not exercisable until the Separation Time and certificates representing the Rights will not be sent to the Shareholders. Certificates for the Common Shares issued after the effective date of the Shareholder Rights Plan will contain a notation incorporating the Shareholder Rights Plan by reference. Until the Separation Time, or earlier termination or expiry of the Rights, the Rights are evidenced by and transferred with the associated Common Shares and the surrender for transfer of any certificate representing Common Shares will also constitute the surrender for transfer of the Rights associated with those Common Shares. After the Separation Time, the Rights will become exercisable and begin to trade separately from the associated Common Shares. The initial “Exercise

Price” under each Right in order to acquire a Common Share is five times the Market Price at the Separation Time. “Market Price” is generally defined as the average of the daily closing prices per share of such securities on each of the 20 consecutive trading days through and including the trading day immediately preceding the Separation Time.

### **Separation of Rights**

The Rights will become exercisable and begin to trade separately from the associated Common Shares at the “Separation Time” which, unless waived or deferred by the Board of Directors in the instances permitted by the Shareholder Rights Plan, is generally the close of business on the tenth trading day after the earliest to occur of:

- (a) a public announcement that a person or a group of affiliated or associated persons has acquired beneficial ownership of 20% or more of the outstanding Voting Shares (as defined in the Shareholder Rights Plan) (i.e. become an Acquiring Person) other than as a result of, among other things, (i) a reduction in the number of Common Shares outstanding, (ii) a “Permitted Bid” or a “Competing Permitted Bid” (each as defined below), (iii) certain specified “Exempt Acquisitions” (as defined below), (iv) an acquisition by a person of Voting Shares pursuant to a stock dividend or other “Pro Rata Acquisition” (as defined in the Shareholder Rights Plan), and (v) an acquisition by a person of Voting Shares upon the exercise, conversion or exchange of a security convertible, exercisable or exchangeable into a Voting Share received by a person pursuant to (ii), (iii) or (iv), above;
- (b) the date of commencement of, or the first public announcement of an intention of any person (other than the Corporation or any of its subsidiaries) to commence, a take-over bid (other than a Permitted Bid or a Competing Permitted Bid) where the Voting Shares subject to the bid, together with the Voting Shares beneficially owned by that person (including affiliates, associates and others acting jointly or in concert therewith), would constitute 20% or more of the outstanding Voting Shares; and
- (c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such.

An “Exempt Acquisition” would include the acquisition of Voting Shares or securities convertible into Voting Shares (i) in respect of which the Board of Directors has waived the application of the Shareholder Rights Plan, (ii) pursuant to a distribution made under a prospectus or private placement provided that the person does not increase his, her or its ownership percentage (e.g. pursuant to a rights offering), (iii) pursuant to an amalgamation, arrangement or other statutory procedure requiring Shareholder approval, (iv) pursuant to certain equity incentive stock options plans of the Corporation, (v) pursuant to contractual arrangements currently in place between Rio Tinto International Holdings Limited, and each of (a) the Corporation, and (b) Robert M. Friedland, (vi) pursuant to other contractual arrangements in respect of a Voting Share acquisition from treasury entered into by the Corporation with one or more Grandfathered Persons after the date of the Shareholder Rights Plan, and (vii) pursuant to the exercise of Rights.

An Acquiring Person does not include a holder of 20% or more of the outstanding Voting Shares on the date the Shareholder Rights Plan was implemented (a “Grandfathered Person”), provided that such Grandfathered Person acquires no more Voting Shares,

other than through one of the exemptions set out in the Shareholder Rights Plan. When the Shareholder Rights Plan was initially adopted, the only Grandfathered Persons were Rio Tinto International Holdings Limited, Robert M. Friedland and their respective affiliates.

As soon as practicable following the Separation Time, separate certificates evidencing rights ("Rights Certificates") will be mailed to the holders of record of the Common Shares as of the Separation Time and the Rights Certificates alone will evidence the Rights.

### **When Rights Become Exercisable**

After the Separation Time, each Right entitles the holder thereof to purchase one Common Share at the Exercise Price. Following a transaction which results in a person becoming an Acquiring Person (a "Flip-in-Event"), the Rights entitle the holder thereof to receive, upon exercise, such number of Common Shares that have an aggregate market value (as of the date of the Flip-in Event) equal to twice the then Exercise Price of the Rights for an amount in cash equal to the Exercise Price. In such event, however, any Rights beneficially owned by an Acquiring Person (including affiliates, associates and others acting jointly or in concert therewith), or certain transferees or any such person, will be void.

### **Permitted Bids**

The Shareholder Rights Plan includes a "Permitted Bid" concept whereby a take-over bid will not trigger a separation of the Rights (and will not cause the Rights to become exercisable) if the bid meets certain conditions. A "Permitted Bid" is defined as an offer to acquire Voting Shares (which means Common Shares and any other shares in the capital of the Corporation entitled to vote generally in the election of all directors, or securities that are eligible to be converted into Voting Shares for cash or securities) made by means of a take-over bid circular where the Voting Shares (including Voting Shares that may be acquired upon conversion of securities convertible into Voting Shares) subject to the offer, together with Voting Shares beneficially owned by the offeror at the date of the offer (including its affiliates, associates and others acting jointly or in concert therewith), constitute 20% or more of the outstanding Voting Shares and that also complies with the following additional provisions:

- (a) the bid must be made to all the holders of Voting Shares as registered on the books of the Corporation, other than the offeror; and
- (b) the bid must also contain the following irrevocable and unqualified conditions: (i) no Voting Shares will be taken up or paid for prior to the close of business on the 60th day following the date of the bid and then only if more than 50% of the Voting Shares held by Independent Shareholders (as defined below) have been deposited or tendered to the bid and not withdrawn; (ii) Voting Shares may be deposited pursuant to the bid, unless it is withdrawn, at any time prior to the date shares are first taken up or paid for under the bid; (iii) Voting Shares deposited pursuant to the bid may be withdrawn until taken up or paid for; and (iv) if the deposit condition referred to in (b)(i) above is satisfied, the offeror will extend the bid for deposit of Voting Shares for at least 10 business days from the date such extension is publicly announced and, if such bid is a partial bid, not take up any Voting Shares under the bid until the expiry of such 10 business day period.

“Independent Shareholders” is defined generally as holders of Voting Shares other than (i) an Acquiring Person, (ii) any offeror making a take-over bid, (iii) any affiliate or associate of an Acquiring Person or offeror, (iv) persons acting jointly or in concert with an Acquiring Person or offeror, and (v) employee benefit, stock purchase or certain other plans or trusts for employees of the Corporation or its wholly-owned subsidiaries unless the beneficiaries of such plans or trusts direct the voting or tendering to a take-over bid of the Voting Shares.

### **Competing Permitted Bids**

A “Competing Permitted Bid” is a take-over bid made after a Permitted Bid has been made and prior to expiry of such Permitted Bid that satisfies all of the provisions of a Permitted Bid, except that it must remain open for acceptance until at least the later of (i) 35 days after the date of the bid and (ii) 60 days after the earliest date on which another Permitted Bid then in existence was made, and only if at that date more than 50% of the Voting Shares owned by Independent Shareholders have been deposited to the Competing Permitted Bid and not withdrawn.

### **Redemption and Waiver**

Under the Shareholder Rights Plan, the Board of Directors can (i) waive the application of the Shareholder Rights Plan to enable a particular take-over bid to proceed, in which case the Shareholder Rights Plan will be deemed to have been waived with respect to any other take-over bid made prior to the expiry of any bid subject to such waiver, or (ii) with the prior approval of the holders of Voting Shares or Rights, as the case may be, redeem the Rights at a redemption price of \$0.00001 per Right at any time prior to a Flip-in-Event. Rights are deemed to have been redeemed if a bidder successfully completes a Permitted Bid or a Competing Permitted Bid.

### **Protection Against Dilution**

The Exercise Price, the number and nature of securities which may be purchased upon the exercise of Rights and the number of Rights outstanding are subject to adjustment from time to time to prevent dilution in the event of stock dividends, subdivisions, consolidations, reclassifications or other changes in the outstanding Common Shares, pro rata distributions to holders of Common Shares and other circumstances where adjustments are required to appropriately protect the interests of the holders of Rights.

## SCHEDULE “F”

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Effective June 30, 2005, the Canadian Securities Administrators adopted National Instrument 58-101 (“NI 58-101”) and the associated National Policy 58-201 (“NP 58-201”) which require the Corporation to disclose its corporate governance practices. These new rules replace the former corporate governance guidelines of the TSX.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT <sup>(1)</sup>	COMMENTS
<p>1. Board of Directors (the “Board”) –</p> <p>(a) Disclose the identity of directors who are independent.</p>	<p>The Board has reviewed the independence of each Director on the basis of the definitions in section 1.4 of MI 52-110, as amended, and the applicable provisions of the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules. A Director is “independent” if he or she has no direct or indirect material relationship with the Corporation, including as a partner, shareholder or officer of an organization that has a relationship with the Corporation. A “material relationship” is one that would, or in the view of the Board could, be reasonably expected to interfere with the exercise of a Director’s independent judgment. The Board has determined, after reviewing the roles and relationships of each of the Directors, that 58.3% (seven out of twelve) of the nominees proposed by management for election to the Board are independent from the Corporation. The following nominees have been affirmatively determined to be independent by the Board:</p> <p>David Huberman  David Korbin  Markus Faber  Robert Hanson  Kjeld Thygesen  Howard Balloch  Livia Mahler</p> <p>This determination was made on the basis that:</p> <p>(a) they (and their immediate family members) are not and have not been within the last three years an employee or executive officer of the Corporation;</p> <p>(b) they (and their spouse, minor child or step child) are not and have not been within the last three years a partner or employee of the Corporation’s external auditors firm;</p> <p>(c) they (and their immediate family members) are not and have not been within the last three years an executive officer of an entity of which the Corporation’s executives served on that entity’s compensation committee;</p> <p>(d) they (and their immediate family members) did not receive more than US\$60,000 in direct compensation from the Corporation (exclusive of any remuneration received for acting as a Board or Committee member) during any 12 month period during the last three years;</p> <p>(e) they and their immediate family members are not a current executive officer of a company that has made payments to, or received</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT <sup>(1)</sup>	COMMENTS
	<p>payments from, the Corporation for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of US\$1 million or 2% of such other company's consolidated gross revenues; and</p> <p>(f) they are not a partner in, or a continuing shareholder or executive officer of any for-profit business organization to which the Corporation made, or from which the Corporation received payments (other than those arising solely from investments in the Corporation's securities) that exceed 5% of the Corporation's or business organization's consolidated gross revenues for that year, or US\$200,000, whichever is more, in any of the past three years.</p>
<p>(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.</p>	<p>The Board and Corporate Governance and Nominating Committee have determined, after reviewing the roles and relationships of each of the Directors, that the following five (5) out of twelve (12) nominees proposed by management for election to the Board are not "independent" from the Corporation as defined in the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules:</p> <p>Robert M. Friedland: Executive Chairman  Peter G. Meredith: Deputy Chairman  John Macken: President and CEO  Andrew Harding  R. Edward Flood</p> <p>Messrs. Friedland, Meredith and Macken, as senior officers of the Corporation and/or one or more of its subsidiaries and members of management, are considered to be non-independent directors.</p> <p>As at the date of this Management Proxy Circular, Mr. Flood is considered to be a "non-independent" director nominee in his capacity as a former senior officer of one of the Corporation's subsidiaries. It is expected that Mr. Flood will qualify as an independent director effective June 26, 2010.</p> <p>In the case of Mr. Harding, the Board noted he has a position as an executive officer of the Rio Tinto Group ("Rio Tinto") and considered the relationship between Rio Tinto and the Corporation resulting from Rio Tinto's significant investment in the Corporation, the terms and conditions of the investment agreement between Rio Tinto and the Corporation and the shareholders' agreement between Rio Tinto and Mr. Robert Friedland, Executive Chairman of the Corporation, each dated October 18, 2006, and the interim funding arrangement between Rio Tinto and the Corporation dated October 24, 2007. The Board concluded that such relationship was a "material relationship" within the meaning of the applicable</p>

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	<p>provisions of the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules, and accordingly considers Mr. Harding to be a non-independent nominee director.</p> <p>As at the date of this Management Proxy Circular, Rio Tinto has advised the Corporation that it wishes to nominate Mr. Tracy Stevenson as an additional director for election to the Board. Mr. Stevenson is considered to be a “non-independent” director nominee in his capacity as a former senior officer of Rio Tinto. It is expected that Mr. Stevenson will qualify as an independent director effective June 1, 2010.</p>
<p>(c) Disclose whether or not a majority of the directors are independent. If a majority of directors are not independent, describe what the Board of Directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.</p>	<p>58.3% or seven of the twelve nominees proposed by management for election to the Board are “independent directors” as defined in the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules.</p> <p>If the shareholders of the Corporation approve the Articles Amendment Resolution, Rio Tinto has nominated one additional member for election by the shareholders at the Meeting, to hold office until the next annual general meeting of the Corporation. Effective June 1, 2010 such additional nominee will be an independent director. Rio Tinto has also advised the Corporation that it intends to nominate a further nominee for appointment to the Board following the Meeting, and that such nominee will qualify as an independent director. Accordingly, if both Rio Tinto nominees become members of the Board, and effective upon Mr. Flood’s qualification as an independent director in June 2010 as set forth above, the Board will consist of ten “independent directors” (as defined in the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules) and four “non-independent” directors.</p> <p>The Board is satisfied with the size and composition of the Board and believes that the resulting Board composition is a balanced representation among management and non-management directors, and the Corporation’s major shareholder. While the Board functions effectively given the Corporation’s stage of development and the size and complexity of its business, the Board, through its Corporate Governance and Nominating Committee, will continue to seek qualified candidates to augment its experience and expertise and to enhance the Corporation’s ability to effectively develop its business interests.</p>
<p>(d) If a director is presently a director of any</p>	<p>All directorships with other public entities for each</p>



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<p>other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>of the nominees are set out next to the individual's name under the heading "Election of Directors – Management Nominees" in this Circular.</p>
<p>(e) Interlocking Directorships</p>	<p>All interlocking directorships are set out in footnote (13) to the table under the heading "Election of Directors – Management Nominees".</p>
<p>(f) Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.</p>	<p>All committees, with the exception of the audit committee, meet without management being present unless the committee specifically requests the presence of one or more such persons.</p> <p>The Corporate Governance and Nominating Committee, in particular, provides a forum without management being present to receive any expression of concern from a director, including a concern regarding the independence of the Board from management.</p> <p>During 2009, there were eight (8) Board meetings, five (5) meetings of the Compensation and Benefits Committee, four (4) meetings of the Audit Committee and four (4) meetings of the Corporate Governance and Nominating Committee.</p> <p>In addition, meetings of non-management Directors, chaired by the Lead Director, are held, as required, by teleconference to update the non-management Directors on developments since the last Board meeting. No such meetings were held in 2009.</p> <p>The results of discussions of all Board committees, and of the meetings of non-management Directors, are communicated to the rest of the Board at its next scheduled meeting, or more promptly, if required, by the committee Chairs to the other Directors and members of management.</p>
<p>(g) Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.</p>	<p>Mr. Friedland currently serves as Chairman of the Board of Directors. The Board is of the view that appropriate structures and procedures are in place to allow the Board to function independently of management while continuing to provide the Corporation with the benefit of having a Chairman of the Board with extensive experience and knowledge of the Corporation's business.</p> <p>The Board has created the position of lead director, with specific responsibility for maintaining the independence of the Board and ensuring that the Board carries out its responsibilities. Mr. Huberman, who also serves as chair of the Corporate Governance and Nominating Committee and the Compensation and Benefits Committee, has served as the Corporation's Lead Director since 2003. Mr. Huberman does not serve in a similar capacity with any other corporation.</p>
<p>(h) Disclose the attendance record of each</p>	<p>A record of attendance by Director(s) at meetings</p>

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<p>director for all Board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>of the Board and its Committees as well as the number of Board and Board Committee meetings held during the financial year ended December 31, 2009, is set out next to each individual's name under the heading "Election of Directors – Management Nominees" in this Circular.</p>
<p>2. Board Mandate – Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.</p>	<p>The Board has assumed responsibility for the stewardship of the Corporation and has adopted a formal mandate as described in this Circular under the heading "Corporate Governance – Mandate of the Board", setting out its stewardship responsibilities.</p> <p>The mandate of the Board is available on the Corporation's website (<a href="http://www.lvanhoeMines.com">www.lvanhoeMines.com</a>). A copy may also be obtained upon request to the Vice President and Corporate Secretary of the Corporation, 654 - 999 Canada Place, Vancouver, British Columbia V6C 3E1, telephone (604) 688-5755.</p>
<p>3. Position Descriptions –</p> <p>(a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.</p> <p>(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.</p>	<p>The Board has developed written position descriptions for the Chairman, Lead Director, the chair of each Board committee, CEO and CFO, clearly defining their respective roles and responsibilities. Such position descriptions were reviewed by the Corporate Governance and Nominating Committee and approved by the Board and are subject to annual review by the Corporate Governance and Nominating Committee.</p>
<p>4. Orientation and Continuing Education</p> <p>(a) Briefly describe what measures the Board takes to orient new members regarding:</p> <p>(i) the role of the Board, its committees and its directors, and</p> <p>(ii) the nature and operation of the issuer's business</p>	<p>The Corporation takes steps to ensure that prospective directors fully understand the role of the Board and its committees and the contribution individual directors are expected to make, including in particular the commitment of time and energy that the Corporation expects of its directors. In addition, new directors are provided with a comprehensive information package, including pertinent corporate documents and a director's manual containing information on the duties, responsibilities and liabilities of directors. New directors are also briefed by management as to the status of the Corporation's business. Directors are also encouraged to make site visits to the Corporation's properties.</p>
<p>(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their</p>	<p>Management and outside advisors provide information and education sessions to the Board and its committees on a continuing basis as necessary to keep the directors up-to-date with the Corporation, its business and the environment in which it operates as well as with developments in</p>

<p align="center"><b>CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT<sup>(1)</sup></b></p>	<p align="center"><b>COMMENTS</b></p>
<p>obligations as directors.</p>	<p>the responsibilities of directors, corporate governance, ethics and compliance.</p> <p>Presentations are made to the Board from time to time to educate and keep them informed of changes within the Corporation and of regulatory and industry requirements and standards.</p> <p>In addition, Directors are encouraged to take courses relevant to the Corporation and its business, particularly with respect to corporate governance and the mining industry, at the Corporation's expense. As part of the Corporation's continuing education program, in December, 2009 Mr. Huberman attended an intensive NASDAQ sponsored conference, "The High-Performing Director - Navigating 2010".</p> <p>All of the Corporation's independent Directors are members of Canada's Institute of Corporate Directors, whose mission is to foster excellence in directors to strengthen the governance and performance of Canadian corporations. Mr. David Huberman, the Corporation's Lead Director, has completed the Institute's Director Education Program, which reviews governance expectations and promotes best practices in the boardroom. In 2009, Ms. Mahler and Mr. Korbin attended the 13<sup>th</sup> Annual North American School of Mines held in Scottsdale, Arizona.</p>
<p>5. Ethical Business Conduct –</p> <p>(a) Disclose whether or not the Board has adopted a written code for its directors, officers and employees. If the Board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code;</p> <p>(ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and disclose how a person or company may obtain a copy of the code;</p> <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>	<p>The Corporation has adopted a Code of Business Conduct and Ethics applicable to all employees, consultants, officers and directors regardless of their position in the organization, at all times and everywhere the Corporation does business. The Code of Business Conduct and Ethics provides that the Corporation's employees, consultants, officers and directors will uphold its commitment to a culture of honesty, integrity and accountability and the Corporation requires the highest standards of professional and ethical conduct from its employees, consultants, officers and directors. A number of housekeeping amendments to the Code were made in 2007 to clarify consulting and reporting procedures and to recognize the Corporation's whistleblower mechanism.</p> <p>In 2009 the Code of Business Conduct and Ethics was amended to state that, should an employee refuse to sign the acknowledgement form the refusal could result in termination of employment, the non-renewal of a contract, or a reassignment to another position. In 2009 the Corporation also adopted a companion booklet to the Code of Business Conduct and Ethics that was prepared to provide directors, officers, employees, consultants, advisors and contractors with general information with respect to the anti-bribery laws in both Canada and the United States. Violations of Canadian or United States anti-bribery law could</p>

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	<p>subject both the Company and the relevant individuals to substantial criminal and civil penalties. The Company takes any violation of these laws very seriously and any employee who violates these laws will be subject to disciplinary measures up to and including termination of employment.</p> <p>The Corporation's Code of Business Conduct and Ethics, as amended, has been filed on SEDAR and is available on the Corporation's website (<a href="http://www.lvanhoeMines.com">www.lvanhoeMines.com</a>). A copy may also be obtained, without charge, by request to the Vice President and Corporate Secretary, 654 – 999 Canada Place, Vancouver, British Columbia, Canada V6C 3E1, telephone to (604) 688-5755.</p> <p>All Directors and employees are provided with a booklet containing the Corporation's Code of Business Conduct and Ethics and Corporate Securities Trading Policy (which has been translated into other languages as required for use in the Corporation's international operations) and are required to sign a written acknowledgement confirming that they have received, reviewed and understand its contents and agree to abide by the Code.</p> <p>Corporate supervisors and employees are required to confirm, on an annual basis, that they have reviewed the Corporation's Code of Business Conduct and Ethics as part of their annual performance appraisal.</p> <p>The Corporate Governance and Nominating Committee monitors compliance with the Code of Business Conduct and Ethics and also ensures that management encourages and promotes a culture of ethical business conduct.</p> <p>The Board has not granted any waiver of the Code of Business Conduct and Ethics in favour of a Director or executive officer. Accordingly, no material change report has been required or filed.</p>
(b) Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.	The Corporate Governance and Nominating Committee monitors the disclosure of conflicts of interest to the Board by Directors and ensures that no Director will vote or participate in a discussion on a matter in respect of which such Director has a material interest. Committee Chairs perform the same function with respect to meetings of each Board committee.
(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.	The Corporation has published a Statement of Values and Responsibilities. An updated Statement was approved by the Board on March 11, 2008. It has also developed various corporate policies including Corporate Disclosure, Confidentiality and Securities Trading policies, and a Whistleblower Policy, administered by an

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	<p>independent third party.</p> <p>The Corporation encourages participation in education programs for its personnel dealing with matters of corporate ethics and best practices.</p> <p>During 2009 the Corporate Governance and Nominating Committee met with the Corporation's CEO and CFO to discuss corporate ethics and best practices and were satisfied that they are a focus of the CEO, CFO and throughout the Corporation's international operations.</p>
<p>6. Nomination of Directors –  (a) Describe the process by which the Board identifies new candidates for Board nomination.</p>	<p>The Board has a Corporate Governance and Nominating Committee consisting of Messrs. Huberman (Chair), Hanson, Thygesen, Balloch and Ms. Mahler, all of whom are nominees of management for re-election as Directors at the Meeting. All members of the committee are "independent directors" under the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules. Mr. Huberman has been appointed as Chairman of the committee. The full Board determines, in light of the opportunities and risks facing the Corporation, what competencies, skills and personal qualities it should seek in new Board members in order to add value to the Corporation. Based on this framework, the Corporate Governance and Nominating Committee developed a skills matrix outlining the Corporation's desired complement of Directors' competencies, skills and characteristics. The specific make-up of the matrix includes such items and experiences as international experience, leading growth orientated companies, mining exploration, diversity, financial literacy, legal knowledge, corporate governance, etc. The Committee annually assesses the current competencies and characteristics represented on the Board and utilize the matrix to determine the Board's strengths and identify any gaps that need to be filled. This analysis assists the Committee in discharging its responsibility for approaching and proposing to the full Board new nominees to the Board, and for assessing directors on an ongoing basis.</p> <p>The Corporate Governance and Nominating Committee has been given the responsibility for developing an evergreen list of potential nominees who the Committee feels would be appropriate to be asked to join the Board if, as and when there are vacancies pending and such persons are available to do so and who complement the current skills matrix. The Committee receives and reviews recommendations from Directors and members of management in determining whether to add the names of new candidates to the list, and has the authority to hire outside consultants to help to identify additional qualified candidates as required.</p>

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	<p>The Corporation does not have a shareholder with the ability to exercise a majority of the votes for the election of the Board. However, the Chairman of the Corporation holds approximately 21.96% of the Corporation's voting securities as at the date of this Circular and Rio Tinto, which is entitled to nominate a qualified individual or individuals for appointment or election to the Board in proportion to its shareholdings from time to time, holds approximately 22.36% of the Corporation's voting securities at such date. The Corporation has a majority of directors who do not have an interest in or relationship with either the Corporation, its Chairman or Rio Tinto and, which fairly reflects the investment in the Corporation by shareholders other than the Chairman or Rio Tinto.</p> <p>The Board seeks to achieve a balanced representation of skilled and experienced independent directors and has determined to continue to seek, through its Corporate Governance and Nominating Committee, additional qualified candidates as required to augment its experience and expertise and to enhance the Corporation's ability to effectively develop its business interests. In so doing, the Corporate Governance and Nominating Committee will seek candidates that meet all Canadian, U.S. and other standards of independence applicable to the Corporation.</p> <p>The charter of the Corporate Governance and Nominating Committee is available on the Corporation's website (<a href="http://www.lvanhoeMines.com">www.lvanhoeMines.com</a>). A copy may also be obtained upon request to the Vice President &amp; Corporate Secretary, 654 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1, telephone (604) 688-5755.</p>
<p>7. Compensation –  (a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.</p>	<p>The Compensation and Benefits Committee has responsibility for recommending compensation for the Corporation's senior executive officers to the Board. CEO compensation is approved by the Compensation and Benefits Committee. See "Report on Executive Compensation".</p> <p>The Compensation and Benefits Committee periodically reviews and makes recommendations to the Board regarding the adequacy and form of the compensation for non-management Directors to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director, without compromising a Director's independence. Directors who are executives of the Corporation receive no additional remuneration for their services as Directors.</p> <p>Effective March 2009, all non-management directors receive C\$40,000 per annum for acting as such, with the exception of any Rio Tinto</p>

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	<p>nominee, whose director compensation is remitted directly to Rio Tinto. Effective October 2009, Mr. David Huberman receives an additional C\$150,000 per annum for acting as the Lead Director of the Board. The Chair of the Audit Committee receives an additional C\$40,000 per annum, for acting in such capacity. The respective Chairs of the Compensation and Benefits Committee and the Corporate Governance Committee each receive an additional payment of C\$20,000 per annum for acting as such. Additionally, non-management directors receive C\$2,000 per in-person Board or Committee meeting attended and C\$1,000 per Board or Committee conference call in which they participate.</p> <p>In addition to their cash compensation, non-management directors (other than any nominee of Rio Tinto in accordance with Rio Tinto's corporate policy) also receive an annual grant of 50,000 stock options, such options having a seven year term and fully vesting on the first anniversary of the date of the grant.</p>
<p>(b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.</p>	<p>The Compensation and Benefits Committee comprises five Directors, all of whom have been affirmatively determined by the Board to be "independent directors" as defined by the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules.</p> <p>The members of the committee have diverse professional backgrounds, with prior experience in executive compensation. None of the members of the committee serve as CEOs or senior executive officers of other public corporations.</p>
<p>(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The duties and responsibilities of the Compensation and Benefits Committee include the development of a compensation philosophy and policy; evaluating the performance of the Corporation's senior executive officers, reviewing their compensation, and monitoring equity incentive arrangements.</p> <p>The role of the Compensation and Benefits Committee is primarily to review the adequacy and form of compensation of executive management and the directors with such compensation realistically reflecting the responsibilities and risks of such positions, to administer the Corporation's Equity Incentive Plan, to determine the recipients of, and the nature and size of share compensation awards granted from time to time and to determine the remuneration of executive management and any bonuses to be awarded. The committee also conducts a formal review of the Corporation's executive compensation on an annual basis and otherwise as required to satisfy itself and the Board that the Corporation's compensation objectives are</p>

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	<p>being met.</p> <p>The members of the Compensation and Benefits Committee are Messrs. Huberman (Chair), Hanson, Korbin, Balloch, Thygesen and Faber (a member since May 2008). Mr. Thygesen was a member of the Compensation and Benefits Committee until March 10, 2009. Each member of the committee is an independent director for the purposes of the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules.</p> <p>The charter of the Compensation and Benefits Committee is available on the Corporation's website (<a href="http://www.IvanhoeMines.com">www.IvanhoeMines.com</a>). A copy may also be obtained upon request to the Vice President and Corporate Secretary, 654 - 999 Canada Place, Vancouver, British Columbia V6C 3E1, telephone (604) 688-5755.</p>
<p>(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.</p>	<p>Towers Perrin was retained in 2004 by the Compensation and Benefits Committee to prepare a director compensation report to assist the committee in the determination of independent director compensation. They were mandated to provide the review based on compensation levels provided to similarly sized international mining companies. Towers Perrin's fee for its 2004 report was Cdn\$19,821.</p> <p>Gurr Lane &amp; Associates was retained in 2005 by the Compensation and Benefits Committee to prepare reports to assist the committee in developing a compensation strategy for the position of President and for the other executive and senior management positions. They were mandated to develop a justifiable compensation strategy which benchmarks such positions in terms of the competitive marketplace of similar-sized international mining companies and, where appropriate, larger operating mining companies. The proposals were intended to address salary, bonus and stock options. Gurr Lane &amp; Associates' fee for the reports was Cdn\$39,697.</p> <p>Towers Perrin was retained in 2006 by the Compensation and Benefits Committee to prepare a report on industry standards and best practices relating to "change of control" provisions in executive employment agreements. Towers Perrin's fee for this report was C\$10,788.</p> <p>Mercer (Canada) Limited ("Mercer") was retained in 2007 to prepare a model for executive compensation for the Corporation and to provide support to the Compensation and Benefits Committee in determining compensation for the Corporation's officers for the 2007 fiscal year.</p>



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	<p>Mercer's fee for these services was C\$67,089.</p> <p>Mercer was retained in 2008 to review the executive compensation plan with the Committee following its inception the previous year and to update the section of the report on current compensation amongst a peer group of companies. Mercer was also requested to consider and prepare a report for the Committee with respect to director compensation. Mercer's fee for these services was C\$50,000.</p> <p>For 2009 Mercer provided additional executive compensation services which included an updating of the Corporation's peer comparator group of companies. Mercer received C\$34,913 for these services.</p> <p>None of the compensation consultants or advisors retained by the Compensation and Benefits Committee has performed other work for the Corporation. The Committee will require any such consultant or advisor to obtain its written approval prior to undertaking any work for management of the Corporation in order to protect the independence of such consultant or advisor. Recommendations of the Compensation and Benefits Committee to the Board are the responsibility of the committee and may reflect factors and considerations outside of surveys' or consultants' recommendations.</p>
<p>8. Other Board Committees – If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>In addition to the Audit Committee, the Compensation and Benefits Committee and the Corporate Governance and Nominating Committee, in March 2005 the Board approved the establishment of an Executive Committee, consisting of Messrs. Friedland, Huberman, Meredith and Macken, to meet between formal meetings of the Board as necessary, with authority to approve expenditures of up to US\$10,000,000. No meetings of the Executive Committee were held in 2009, however the Executive Committee did consider and pass five consent resolutions during 2009.</p> <p>The Board has also established a Currency Advisory Committee, consisting of Mr. David Korbin, the Chairman of the Audit Committee, Mr. Peter Meredith (the Corporation's Deputy Chairman), Dr. Markus Faber and Mr. Tony Giardini, the CFO, to make recommendations to the CFO on managing the Corporation's currency exposures and to report to the Board. The Currency Advisory Committee met twice in 2009.</p>
<p>9. Assessments – Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process</p>	<p>The Corporate Governance and Nominating Committee has the responsibility for developing and recommending to the Board, and overseeing the execution of, a process for assessing the effectiveness of the Board as a whole, the</p>

<b>CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT<sup>(1)</sup></b>	<b>COMMENTS</b>
<p>used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.</p>	<p>committees of the Board and the contribution of individual directors, on a regular basis. The Corporate Governance and Nominating Committee has developed and is continuing to refine an assessment process for the Board, each of its committees, and the contribution of individual directors.</p> <p>The Corporate Governance and Nominating Committee has, for the last six years, reviewed and approved a performance evaluation questionnaire that was forwarded to all of the members of the Board of Directors. This questionnaire covers a wide range of issues providing for quantitative ratings and subjective comments and recommendations in each area. In 2004, all Directors assessed the performance of the Board as a whole, its Committees, the Chair of each Committee, and the Lead Director. Issues addressed included Board composition, Board discussion and the relationship with the CEO, Director orientation and ongoing development, definition of roles and responsibilities, Board and Director evaluation, Director compensation, CEO and management succession, strategic planning and supporting plans, Committees, and the role of the Lead Director. Responses were tabulated and analyzed through independent Board governance consultants, without attribution of comments to individual directors, and a summary report was provided to the Lead Director, and through him, to the Committee and the full Board, with recommendations for improvement where required. In 2005, each Director assessed his own performance. Issues addressed included skills and experience, preparation, attendance and availability, communication and interaction, strategies and plans, business, corporation and industry knowledge, and an overall assessment. Responses were provided to the Lead Director. In 2006, a peer review was completed by the Directors. Each Director was asked to evaluate the contribution of each of the other Directors in the following areas: preparation and availability, accountability and transparency, contribution to strategic planning, oversight of performance and risk, contribution to supervision and relationship with management, contribution to Board internal effectiveness, and overall contribution of the individual Director. Each Director was also asked to comment on what additional skills, experience and information could benefit the Board and how they might be accessed, what were his and his fellow Directors most recent accomplishments for the Corporation, and what each Director sought to accomplish with his fellow Directors over the next 1-2 years at the Corporation. The Lead Director was provided with a report detailing the average (mean) ratings for all Directors of the portion of the questionnaire dealing with the contribution of individual Directors, and a summary of the</p>

<b>CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT<sup>(1)</sup></b>	<b>COMMENTS</b>
	<p>responses to the portion dealing with overall Board contribution, on a non-attributed basis. Each individual Director was provided with a confidential 'report card' containing their peers' assessment of their contribution. The Lead Director met with each Director to discuss individual and Board performance, and reported the overall results to the Board of Directors.</p> <p>In each of 2008 and 2009, the Board completed collective, and/or self-assessment and peer reviews, as described above. The Corporate Governance and Nominating Committee intend to continue these processes on a regular basis.</p> <p>These evaluations showed that the Board, its Committees, the Committee Chairs, the Lead Director and individual Directors were effectively fulfilling their responsibilities.</p>

(1) Reference is made to the items in Form 58-101F.

