

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

DATED: March 22, 2007

IVANHOE MINES LTD.

Notice of Annual General Meeting of Shareholders

May 11, 2007

NOTICE IS HEREBY GIVEN that an Annual General Meeting of shareholders of Ivanhoe Mines Ltd. (the "Corporation") will be held on Friday, May 11, 2007, at 9:00 a.m. local time, in Terraces A & B 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, 2006 and the auditors' report thereon;
3. to elect 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 an ordinary resolution authorizing the Corporation to amend and restate the Employees' and Directors' Equity Incentive Plan (the "Incentive Plan") to: (i) increase the maximum number of Common Shares of the Corporation which may be allocated for issuance from 32,000,000 under the Corporation's existing Incentive Plan to 37,000,000 Common Shares under the proposed amended and restated plan; (ii) increase the maximum number of Common Shares of the Corporation issuable under the Bonus Plan component of the Incentive Plan from 2,000,000 Common Shares to 3,500,000 Common Shares; (iii) amend the existing Incentive Plan's "general amendment" provisions to comply with recent amendments to the rules and policies of the Toronto Stock Exchange; and (iv) make other technical amendments to the existing Incentive Plan;
6. to consider, and if thought advisable, to confirm revisions to the By-Laws of the Corporation to allow for shares to be issued electronically, without a certificate, as will be required for shares listed on a U.S. stock exchange beginning in 2008; and
7. to transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed March 21, 2007 as the Record Date for the determination of shareholders entitled to notice of, and to vote at, this Annual General 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, 2006 and 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 22nd day of March, 2007.

BY ORDER OF THE BOARD

"Beverly A. Bartlett"

Vice President and Corporate Secretary

IVANHOE MINES LTD.
World Trade Centre
Suite 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 General Meeting (the "Meeting") of the shareholders to be held at 9:00 a.m., local time, on May 11, 2007 in Terraces A & B 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 21, 2007 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 22, 2007. All dollar amounts are expressed in Canadian dollars ("Cdn.\$") or United States dollars ("U.S.\$") 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 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 proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space 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, (a "Proxy") is deposited with CIBC Mellon Trust Company, by facsimile to (416) 368-3976 or 1-866-781-3111, by

mail to P.O. Box 1900, Vancouver, British Columbia, V6E 3X1 or 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 in the Notice of Meeting 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 other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

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 form of 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 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.

Shareholders will also be asked to elect directors and appoint auditors for the ensuing year. If there are more nominees for election as directors or appointment as the Corporation’s auditors than there are vacancies to fill, 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 deemed warranted, to pass an ordinary resolution, the full text of which is set out as 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: (i) increase the maximum number of Common Shares of the Corporation which may be allocated for issuance from 32,000,000 under the Corporation’s existing Incentive Plan to 37,000,000 Common Shares under the proposed amended and restated plan; (ii) increase the maximum number of Common Shares of the Corporation issuable under the Bonus Plan component of the Incentive Plan from 2,000,000 Common Shares to 3,500,000 Common Shares; (iii) amend the existing Incentive Plan’s “general amendment” provisions to comply with recent amendments to the rules and policies of the Toronto Stock Exchange; and (iv) make other technical amendments to the existing Incentive Plan. The Equity Incentive Plan Resolution is an ordinary resolution and, as such, requires approval by a majority of the votes cast by shareholders at the Meeting.

Shareholders will also be asked to consider at the Meeting and, if deemed warranted, to pass an ordinary resolution, the full text of which is set out under “Particulars of Matters to be Acted Upon – By-Law Amendment Resolution” in this Management Proxy Circular (the “By-Law Amendment Resolution”) confirming revisions to the By-Laws of the Corporation enacted by the Board on March 9, 2007 to allow for shares to be issued electronically, without a certificate, as will be required for shares listed on a U.S. stock exchange beginning in 2008. The By-Law Amendment Resolution is an ordinary resolution and, as such, requires approval by a majority of the votes cast by shareholders at the Meeting.

VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered shareholders of the Corporation or the persons they appoint as their proxies 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 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 common 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 and an unlimited number of Preferred Shares without par value.

As of March 22, 2007, the Corporation had issued 373,917,043 fully paid and non-assessable Common Shares without par value, 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, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to the 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 are:

Name and Address	Number of Shares Owned, Controlled or Directed	Percentage of Shares Outstanding
Robert M. Friedland Singapore	100,942,325 ⁽¹⁾	27.0%
Tradewinds Global Investors LLC California, U.S.A. ⁽²⁾⁽³⁾	41,329,001 ⁽⁴⁾	11.05%
Directors and Officers as a group ⁽⁵⁾	101,772,370 ⁽⁶⁾	27.12%

(1) Common Shares are held directly (as to 19,810,801 shares) and indirectly through Newstar Securities SRL (as to 30,808,992 shares), a company beneficially owned and controlled by Mr. Friedland, and Goldamere Holdings SRL (as to 50,322,533 shares), a company beneficially owned and controlled as to 91.91% by Mr. Friedland. Common Shares held directly and indirectly by Mr. Friedland do not include 2,000,000 unissued Common Shares issuable upon the exercise of incentive stock options.

(2) Tradewinds Global Investors LLC ("Tradewinds") is an advisory and investment management subsidiary of Nuveen Investments Inc. (NYSE: JNC) ("Nuveen") focused on international and global equity investing. Nuveen is a provider of investment advisory services and a distributor of open-end, closed-end and managed account products to affluent, high-net-worth and institutional investors. See note 3 below.

(3) Information relating to Tradewinds is not within the knowledge of management of the Corporation and has been derived from filings with the U.S. Securities and Exchange Commission.

(4) Represents the number of Common Shares held by Tradewinds as of March 19, 2007.

- (5) Common Shares held by the directors and senior officers as a group do not include 8,993,100 unissued Common Shares issuable upon the exercise of incentive stock options.
- (6) Includes 100,942,325 Common Shares held directly and indirectly by Robert M. Friedland.

In addition to the foregoing, Rio Tinto International Holdings Ltd., of London, England (“Rio Tinto”) owns 37,089,883 shares (being 9.92% of the issued and outstanding Common Shares). Pursuant to an agreement dated October 18, 2006 (the “Rio Tinto Agreement”), Rio Tinto is obligated to subscribe for an additional 46,304,473 shares upon the completion of certain conditions precedent, including the completion of an investment contract with the Government of Mongolia in connection with the Corporation’s Oyu Tolgoi project (the “Investment Contract”). If such investment is completed, Rio Tinto would hold approximately 19.9% of the Corporation’s issued and outstanding Common Shares. Rio Tinto also holds warrants to purchase up to 92,053,044 shares at prices between U.S.\$8.38 and U.S.\$9.02 per share until two years after the earlier of completion of the Investment Contract and October 27, 2009. If, in addition to completing the second tranche investment, the warrants are fully exercised, Rio Tinto would hold approximately 34.25% of the Corporation’s issued and outstanding Common Shares.

Pursuant to the Rio Tinto Agreement, 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 shares it holds. Mr. Bret Clayton, 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”.

Concurrent with the Rio Tinto Agreement, Rio Tinto and Robert M. 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 Rio Tinto Agreement.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or 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 provide that the number of directors of the Corporation will be a minimum of three 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.

Management Nominees

The following table sets out the names of management's 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 by each, directly or indirectly, or over which each exercised control or direction, as at March 22, 2007, and the number of options to purchase Common Shares of the Corporation held by each as at March 22, 2007.



Robert M. Friedland
 Singapore
 Age: 56
 Executive Chairman
 Director Since: 1994

Director Status:
 Non-Independent
 (Management)

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 resource sector. He also is a co-founder and Deputy Chairman, Capital Markets, for Ivanhoe Energy, which is developing advanced, proprietary technology that 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 Ivanhoe Mines 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⁽¹⁾

Chairman of the Corporation (March 1994 – present); Chief Executive Officer of the Corporation (March 1994 - 2006); Chairman and President, Ivanhoe Capital Corporation (1998 to Present).

Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership:	
	Company:	Since:		
Board of Directors	5 of 7	71%	Ivanhoe Energy Inc. (TSX; NASDAQ)	1995
Executive Committee	2 of 2	100%		

Common Shares Beneficially Owned, Controlled or Directed^{(1) (2)}:

Year	Common Shares	Total Market Value of Common Shares ⁽⁸⁾
2006	100,942,326	\$1,372,815,633
2005	100,834,334	\$916,584,096

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price ⁽⁹⁾	Total Unexercised	Value of Unexercised Options ⁽¹⁰⁾
Mar. 27, 2006	Mar. 27, 2013	2,000,000	900,000/ 1,100,000 ⁽¹¹⁾	\$9.73	2,000,000	\$7,740,000



Peter Meredith
 North Vancouver,
 British Columbia, Canada
 Age: 63
 Deputy Chairman
 Director Since: 2005

Director Status:
 Non-Independent
 (Management)

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.

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⁽¹⁾

Deputy Chairman (May 2006 – present); Chief Financial Officer of the Corporation (June 1999 – November 2001; May 2004 – May 2006); Chief Financial Officer, Ivanhoe Capital Corporation (1996 – present); Senior Partner, Deloitte & Touche, chartered accountants (1966 – 1996)

Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	7 of 7	100%	Jinshan Gold Mines Inc. (TSX)	2004
Executive Committee	2 of 2	100%	Olympus Pacific Minerals Inc. (TSX)	2004
			Asia Gold Corp. (TSX-V)	2003
			Entrée Gold Inc. (TSX; AMEX)	2002
			Great Canadian Gaming Corporation (TSX)	2000

Common Shares Beneficially Owned, Controlled or Directed^{(1) (2)}:

Year	Common Shares	Total Market Value of Common Shares ⁽⁶⁾
2006	68,195	\$927,452
2005	87,452	\$794,938.68

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price ⁽⁹⁾	Total Unexercised	Value of Unexercised Options ⁽¹⁰⁾
Mar. 27, 2006	Mar. 27, 2013	400,000	180,000/ 220,000 ⁽¹²⁾	\$9.73	400,000	\$1,548,000
May 14, 2004	May 14, 2009	200,000	120,000/ 80,000 ⁽¹³⁾	\$8.20	200,000	\$1,080,000
Feb. 4, 2004	Feb. 4, 2009	50,000	40,000/ 10,000 ⁽¹⁴⁾	\$7.69	50,000	\$295,000



John Macken
 Co. Louth, Ireland
 Age: 55
 President and Chief
 Executive Officer
 Director Since: 2004

Director Status:
 Non-Independent
 (Management)

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 spent a total of 13 years with Freeport's operating unit, P.T. Freeport Indonesia, and from 1996 to 2000 he held the position of Senior Vice-President, Strategic Planning and Development at Freeport's Grasberg open pit and underground mining complex in Papua, the world's largest single copper and gold mine. Between 1996 and 1998, Mr. Macken headed and completed ahead of schedule and under budget an expansion valued at almost U.S.\$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⁽¹⁾

Chief Executive Officer of the Corporation (May, 2006 - present); President of the Corporation (January 2004 - present); Consultant (2000 - January, 2004); Senior Vice President of Freeport McMoran Copper & Gold (1996 - 2000)

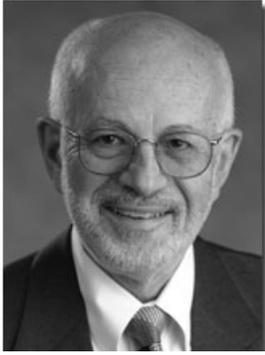
Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership:	
	Company:	Since:	Company:	Since:
Board of Directors	7 of 7	100%	N/A	N/A
Executive Committee	2 of 2	100%		

Common Shares Beneficially Owned, Controlled or Directed^{(1) (2)}:

Year	Common Shares	Total Market Value of Common Shares ⁽⁸⁾
2006	6,214	\$84,510
2005	NIL	NIL

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price ⁽⁹⁾	Total Unexercised	Value of Unexercised Options ⁽¹⁰⁾
Mar. 27, 2006	Mar. 27, 2013	2,000,000	900,000/ 1,100,000 ⁽¹¹⁾	\$9.73	2,000,000	\$7,740,000
Mar. 30, 2004	Mar. 30, 2014	1,000,000	1,000,000/ NIL	\$7.78	1,000,000	\$5,820,000
Nov. 1, 2003	Nov. 1, 2013	1,000,000	1,000,000/ NIL	\$12.70	1,000,000	\$900,000



David Huberman
 Vancouver, British Columbia
 Canada
 Age: 72
 Lead Director
 Director Since: 2003

Director Status:
 Independent

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 corporation, 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.

Principal Occupation, Business or Employment⁽¹⁾						
President, Coda Consulting Corp. (1993 – present)						
Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership:			
			Company:	Since:		
Board of Directors	7 of 7	100%	N/A	N/A		
Executive Committee	2 of 2	100%				
Corporate Governance & Nominating Committee - Chairman	4 of 4	100%				
Compensation & Benefits Committee – Chairman	5 of 5	100%				
Non-Management Directors	5 of 5	100%				
Common Shares Beneficially Owned, Controlled or Directed^{(1) (2)}:						
Year	Common Shares	Total Market Value of Common Shares ⁽⁸⁾		Minimum Share Ownership Required ⁽⁷⁾		
2006	20,000	\$272,000		20,000		
2005	20,000	\$181,800				
Options Held:						
Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price ⁽⁹⁾	Total Unexercised	Value of Unexercised Options ⁽¹⁰⁾
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000 ⁽¹⁵⁾	\$10.56	25,000	\$76,000
May 10, 2005	May 10, 2010	25,000	25,000/ NIL	\$9.37	25,000	\$105,750
Sept. 3, 2004	Sept. 3, 2009	25,000	25,000/ NIL	\$7.00	25,000	\$165,000
Sept. 16, 2003	Sept. 16, 2008	210,000	160,000/ 50,000 ⁽¹⁶⁾	\$6.75	210,000	\$1,438,500



R. Edward Flood
 Reno, Nevada, United States
 Age: 61
 Director Since: 1995

Director Status:
 Non-Independent⁽³⁾

Ed Flood is the Chairman of Western Uranium Corporation, a mineral exploration company with a focus on uranium. He is also Managing Director, Investment Banking, for Haywood Securities (UK) Ltd., a subsidiary of one of Canada's leading independent investment dealers. He served as Deputy Chairman of the Corporation until February, 2007, assisting in developing the Corporation's growth and its establishment as a significant presence in Asia's mineral exploration and mining sectors. Mr. Flood was the Corporation's founding President.

Prior to joining the Corporation, 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 Company. He has also held the position of senior mining analyst with Haywood Securities Inc from 1999 to 2001.

Mr. Flood holds a Masters of Science (Geology) degree from the University of Montana and a BSc (Geology) degree from the University of Nevada.

Principal Occupation, Business or Employment⁽¹⁾

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

Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	7 of 7	100%	Western Uranium Corporation (TSX-V) – Chairman	2007
			Asia Gold Corp. (TSX-V)	2003
			Jinshan Gold Mines Inc. (TSX)	2002
			Ivanhoe Energy Inc. (TSX; NASDAQ) (will cease as a director of Ivanhoe Energy Inc. at the conclusion of the next annual meeting of shareholders, scheduled for May 3, 2007)	1999

Common Shares Beneficially Owned, Controlled or Directed^{(1) (2)}:

Year	Common Shares	Total Market Value of Common Shares ⁽⁸⁾
2006	313,585	\$4,264,756
2005	145,192	\$1,319,795

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price ⁽⁹⁾	Total Unexercised	Value of Unexercised Options ⁽¹⁰⁾
Mar. 27, 2006	Mar. 27, 2013	300,000	135,000/ 165,000 ⁽¹⁷⁾	\$9.73	300,000	\$1,161,000



John Weatherall
Kingston, Ontario
Canada
Age: 74
Director Since: 1996

Director Status:
Independent

John Weatherall is the President of Scarthingmoor Asset Management Inc. Mr. Weatherall was Chairman of TD Asset Management, the investment unit of a Canadian chartered bank, and earlier head of Institutional Equity with responsibility for investment research at Wood Gundy Inc., and Greenshields Inc. He has served as a director on the Board of Slocan Forest Products, Greenshields Inc., and Wood Gundy Inc., and was for many years Chairman of Okanagan Skeena Group Ltd.

Mr. Weatherall has previously served on the audit committees of five publicly traded companies.

Principal Occupation, Business or Employment⁽¹⁾

President, Scarthingmoor Asset Management Inc. (April 1996 – present)

Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	7 of 7	100%	IFL Investment Foundation (Canada) Limited (TSX-V) (member of Audit Committee)	2006
Audit Committee - Chairman	3 of 4	75%		
Corporate Governance & Nominating Committee	4 of 4	100%	Stratic Energy Corporation (TSX)	2004
Non-Management Directors	3 of 5	60%		

Common Shares Beneficially Owned, Controlled or Directed^{(1) (2)}:

Year	Common Shares	Total Market Value of Common Shares ⁽⁸⁾	Minimum Share Ownership Required ⁽⁷⁾
2006	74,500	\$1,013,200	20,000
2005	74,500	\$677,205	

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price ⁽⁹⁾	Total Unexercised	Value of Unexercised Options ⁽¹⁰⁾
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000 ⁽¹⁵⁾	\$10.56	25,000	\$76,000
May 10, 2005	May 10, 2010	25,000	25,000/ NIL	\$9.37	25,000	\$105,750
Sept. 3, 2004	Sept. 3, 2009	25,000	25,000/ NIL	\$7.00	25,000	\$165,000
June 12, 2003	June 12, 2008	50,000	40,000/ 10,000 ⁽¹⁸⁾	\$3.25	50,000	\$517,500



Kjeld Thygesen
 London, England
 United Kingdom
 Age: 60
 Director Since: 2001

Director Status:
 Independent

Kjeld Thygesen is the Managing Director of Lion Resource Management.

Kjeld Thygesen 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.

Principal Occupation, Business or Employment⁽¹⁾

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

Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	6 of 7	86%	Superior Mining Corporation (TSX-V)	2005
Audit Committee	4 of 4	100%		
Corporate Governance & Nominating Committee	4 of 4	100%		
Compensation & Benefits Committee	5 of 5	100%		
Non-Management Directors	5 of 5	100%		

Common Shares Beneficially Owned, Controlled or Directed^{(1) (2)}:

Year	Common Shares	Total Market Value of Common Shares ⁽⁸⁾	Minimum Share Ownership Required ⁽⁷⁾
2006	150,000	\$2,040,000	20,000
2005	150,000	\$1,363,500	

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price ⁽⁹⁾	Total Unexercised	Value of Unexercised Options ⁽¹⁰⁾
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000 ⁽¹⁵⁾	\$10.56	25,000	\$76,000
May 10, 2005	May 10, 2010	25,000	25,000/ NIL	\$9.37	25,000	\$105,750
Sept. 3, 2004	Sept. 3, 2009	25,000	25,000/ NIL	\$7.00	25,000	\$165,000



The Hon. Robert Hanson
 London, England
 United Kingdom
 Age: 46
 Director Since: 2001

Director Status:
 Independent

Robert Hanson is the Chairman of Hanson Westhouse Limited and Hanson Capital Investments Limited and the Hanson Transport Group Limited, and he is also Managing Partner of Millennium Hanson Internet Partners. Mr. Hanson 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 responsible for strategy, mergers and acquisition transactions.

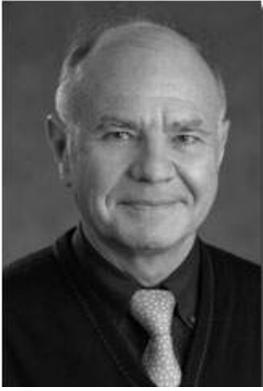
He was educated at Eton and received his MA in English Language & Literature from St Peter's College, Oxford.

Principal Occupation, Business or Employment ⁽¹⁾
Chairman of: Hanson Capital Investments Limited (February 1998 – present); Hanson Transport Group (May 1990 – present); and Hanson Westhouse (city of London merchant bank) (2006 – present)

Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	6 of 7	86%	N/A	
Corporate Governance & Nominating Committee	3 of 4	75%		
Compensation & Benefits Committee	3 of 5	60%		
Non-Management Directors	4 of 5	80%		

Common Shares Beneficially Owned, Controlled or Directed ^{(1) (2):}			
Year	Common Shares	Total Market Value of Common Shares ⁽⁶⁾	Minimum Share Ownership Required ⁽⁷⁾
2006	85,000	\$1,156,000	20,000
2005	85,000	\$772,650	

Options Held:						
Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price ⁽⁹⁾	Total Unexercised	Value of Unexercised Options ⁽¹⁰⁾
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000 ⁽¹⁵⁾	\$10.56	25,000	\$76,000
May 10, 2005	May 10, 2010	25,000	25,000/ NIL	\$9.37	25,000	\$105,750
Sept. 3, 2004	Sept. 3, 2009	25,000	25,000/ NIL	\$7.00	25,000	\$165,000



Dr. Markus Faber
Chiang Mai, Thailand
Age: 61
Director Since: 2002

Director Status:
Independent

Markus Faber is the Managing Director of Marc Faber Ltd., an investment advisory and fund management firm. In addition, Dr. Faber acts as a director and advisor to a number of private investment funds, and 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". He is a regular contributor to several leading financial publications around the world, including Forbes and Barron's. He 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 different companies.

Dr. Faber received his PhD in Economics magna cum laude from the University of Zurich.

Principal Occupation, Business or Employment⁽¹⁾

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

Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership:	
	Company:	Since:	Company:	Since:
Board of Directors	7 of 7	100%	N/A	N/A
Audit Committee	4 of 4	100%		
Corporate Governance & Nominating Committee	3 of 4	75%		
Non-Management Directors	4 of 5	80%		

Common Shares Beneficially Owned, Controlled or Directed^{(1) (2)}:

Year	Common Shares	Total Market Value of Common Shares ⁽⁸⁾	Minimum Share Ownership Required ⁽⁷⁾
2006	30,000	\$408,000	20,000
2005	20,000	\$181,800	

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price ⁽⁹⁾	Total Unexercised	Value of Unexercised Options ⁽¹⁰⁾
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000 ⁽¹⁵⁾	\$10.56	25,000	\$76,000
May 10, 2005	May 10, 2010	25,000	25,000/ NIL	\$9.37	25,000	\$105,750
Sept. 3, 2004	Sept. 3, 2009	25,000	25,000/ NIL	\$7.00	25,000	\$165,000



Howard R. Balloch
Beijing, China
Age: 55
Director Since: 2005

Director Status:
Independent⁽⁴⁾

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) Political Science and Economics from McGill University in 1971 and his M.A. 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.

Principal Occupation, Business or Employment⁽¹⁾

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: ⁽⁴⁾	2006 Attendance:		Other Public Company Board Membership:	
			Company:	Since:
Board of Directors	7 of 7	100%	East Energy Corp. (TSX-V)	2006
Corporate Governance & Nominating Committee	N/A ⁽⁴⁾	N/A ⁽⁴⁾	Methanex Corporation (TSX; NASDAQ)	2004
Compensation & Benefits Committee	N/A ⁽⁴⁾	N/A ⁽⁴⁾	Tiens Biotech Group (USA) Ltd. (OTCBB)	2003
Non-Management Directors	4 of 5	80%	Ivanhoe Energy Inc. (TSX; NASDAQ)	2002

Common Shares Beneficially Owned, Controlled or Directed^{(1) (2)}:

Year	Common Shares	Total Market Value of Common Shares ⁽⁸⁾	Minimum Share Ownership Required ⁽⁷⁾
2006	50,000	\$680,000	20,000
2005	7,000	\$63,630	

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price ⁽⁹⁾	Total Unexercised	Value of Unexercised Options ⁽¹⁰⁾
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000 ⁽¹⁵⁾	\$10.56	25,000	\$76,000
Mar. 11, 2005	Mar. 11, 2010	25,000	25,000/ NIL	\$10.51	25,000	\$77,250



David Korbin
 West Vancouver, British
 Columbia, Canada
 Age: 65
 Director Since: 2006

Director Status:
 Independent

David Korbin, a management and financial consultant, was appointed to the Corporation's Board of Directors in May, 2006. He is a director of E-Comm Emergency Communications for Southwest British Columbia Incorporated, and acted as Chairman of E-Comm's board of directors from 2003 to 2006 and as Chair of their audit committee from 2001 to 2004. From 1992 to 2000, he was a director of the Vancouver General Hospital (Audit Committee Chair: 1993-4) and the Vancouver Hospital and Health Sciences Centre (Chair: 1995-8).

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 1990 to 1992 he was a managing partner of the Vancouver office of Deloitte & Touche LLP.

Principal Occupation, Business or Employment⁽¹⁾						
Independent Financial Consultant						
Board/Committee Membership: ⁽⁵⁾	2006 Attendance:		Other Public Company Board Membership:			
			Company:	Since:		
Board of Directors	4 of 4	100%	Seaspan Corporation (NYSE) (Chair of Audit Committee since 2005)	2005		
Audit Committee	2 of 2	100%				
Corporate Governance & Nominating Committee	1 of 1	100%				
Compensation & Benefits Committee	2 of 2	100%				
Non-Management Directors	2 of 2	100%				
Common Shares Beneficially Owned, Controlled or Directed^{(1) (2)}:						
Year	Common Shares	Total Market Value of Common Shares ⁽⁸⁾		Minimum Share Ownership Required ⁽⁷⁾		
2006	5,000	\$68,000		20,000		
Options Held:						
Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price ⁽⁹⁾	Total Unexercised	Value of Unexercised Options ⁽¹⁰⁾
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000 ⁽¹⁵⁾	\$10.56	25,000	\$76,000



Bret K. Clayton⁽⁶⁾
 London, England, United Kingdom
 Age: 45
 Director Since: nominee

Director Status:
 Non-Independent⁽⁶⁾

Bret Clayton is Chief Executive of Rio Tinto Copper based in London. Mr. Clayton provides management oversight to the Copper group, which comprises Kennecott Utah Copper and Kennecott Minerals Company in the United States, and interests in the copper mines of Escondida in Chile, Grasberg in Indonesia, Northparkes in Australia, Palabora in South Africa, as well as the Oyu Tolgoi copper project in Mongolia, the Resolution copper project in the United States and the La Granja copper project in Peru.

During his career with Rio Tinto group, Mr. Clayton has held numerous senior management positions, including President and CEO of Rio Tinto Energy America, Head of Financial Planning and Reporting for Rio Tinto plc in London and General Manager Commercial and Chief Financial Officer for Hamersley Iron and Rio Tinto Iron Ore in Perth, Australia.

Mr. Clayton holds a Bachelor of Arts Degree in Accounting from the University of Utah in Salt Lake City and is a graduate of the International Executive Management Program of INSEAD in Fontainebleau, France.

Principal Occupation, Business or Employment						
Chief Executive, Rio Tinto Copper (July 2006-present); prior thereto, President and CEO of Rio Tinto America (October 2002 to July 2006)						
Board/Committee Membership:		Attendance:		Other Public Company Board Membership:		
				Company	Since	
N/A		N/A		N/A	N/A	
Common Shares Beneficially Owned, Controlled or Directed ^{(1) (2)} :						
Common Shares				Total Market Value of Common Shares ⁽⁸⁾		
NIL				NIL		
Options Held:						
Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price ⁽⁹⁾	Total Unexercised	Value of Unexercised Options ⁽¹⁰⁾
N/A	N/A	N/A	N/A	N/A	N/A	N/A

- (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) Mr. Flood served as Deputy Chairman of the Corporation and a member of management until February 15, 2007 and is accordingly considered to be "non-independent".
- (4) On January 2, 2007, Mr. Balloch qualified as an "independent" director under the applicable standards of the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules. He became a member of each of the Corporate Governance & Nominating Committee and the Compensation & Benefits Committee on January 12, 2007.
- (5) Mr. Korbin joined the Board of Directors and the Audit Committee on May 12, 2006. He became a member of each of the Corporate Governance & Nominating Committee and the Compensation & Benefits Committee on August 11, 2006.
- (6) Mr. Clayton has been nominated for election as a Director by Rio Tinto pursuant to the provisions of the Rio Tinto Agreement (see "Voting Shares and Principal Holders"), and is considered to be "non-independent" by virtue of the significant investment of Rio Tinto in the Corporation. From November 10, 2006 until the date of the Meeting, Mr. Tom Albanese, the Director, Group Resources, and CEO designate of Rio Tinto, has served as a member of the Board pursuant to the provisions of the Rio Tinto Agreement.
- (7) All independent Directors are required to beneficially own and hold a minimum of 20,000 Common Shares 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. All current independent Director nominees, except Mr. Korbin, have met this minimum shareholding requirement. Mr. Korbin, first elected in 2006, has until May 12, 2009 to meet the share ownership requirement.
- (8) 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 22, 2007 (\$13.60) and March 22, 2006 (\$9.09), respectively, by the number of common shares held by the nominee as at the end of the prior year.
- (9) The "Exercise Price" is the closing price of the Common Shares on the Toronto Stock Exchange on the day prior to the grant date.
- (10) The "Value of Unexercised Options" is calculated on the basis of the difference between the closing price of the common shares on the Toronto Stock Exchange on March 22, 2007 and the Exercise Price of the options multiplied by the number of unexercised options on March 22, 2007.
- (11) The 1,100,000 unvested options will vest as follows: 300,000 will vest on the earlier of December 31, 2007 or achievement of each of four additional defined development criteria for Oyu Tolgoi currently planned for 2007; 300,000 will vest on the earlier of December 31, 2008 or achievement of one of two additional defined development criteria currently planned for Oyu Tolgoi for 2008; and the remaining 500,000 will vest on the earlier of December 31, 2009 and achievement of each of two additional defined development criteria planned for Oyu Tolgoi for 2009.
- (12) The 220,000 unvested options will vest as follows: 60,000 to vest on the earlier of December 31, 2007 or achievement of each of four additional defined development criteria for Oyu Tolgoi currently planned for 2007;

- 60,000 will vest on the earlier of December 31, 2008 or achievement of one of two additional defined development criteria currently planned for Oyu Tolgoi for 2008; and the remaining 100,000 will vest on the earlier of December 31, 2009 and achievement of each of two additional defined development criteria planned for Oyu Tolgoi for 2009.
- (13) 40,000 unvested options will vest on May 14, 2007 and the remaining 40,000 unvested options will vest on May 14, 2008.
 - (14) 10,000 unvested options will vest on February 4, 2008.
 - (15) 25,000 unvested options will vest on May 12, 2007.
 - (16) 50,000 unvested options will vest on September 16, 2007.
 - (17) The 165,000 unvested options will vest as follows: 45,000 will vest on the earlier of December 31, 2007 or achievement of each of four additional defined development criteria for Oyu Tolgoi currently planned for 2007; 45,000 will vest on the earlier of December 31, 2008 or achievement of one of two additional defined development criteria currently planned for Oyu Tolgoi for 2008; and the remaining 75,000 will vest on the earlier of December 31, 2009 and achievement of each of two additional defined development criteria planned for Oyu Tolgoi for 2009.
 - (18) 10,000 unvested options will vest on June 12, 2007.

Summary of Board and Committee Meetings Held

The following table summarizes Board and Committee meetings held during the year ended December 31, 2006:

Board of Directors	7
Audit Committee	4
Compensation and Benefits Committee	5
Corporate Governance and Nominating Committee	4
Executive Committee	2

During 2006, three meetings of the Board, two meetings of the Compensation and Benefits Committee, one meeting of the Audit Committee and one meeting of the Corporate Governance and Nominating Committee were held by teleconference. In addition, there were 26 resolutions passed in writing by the Board, seven by the Compensation and Benefits Committee, two by the Corporate Governance and Nominating Committee, and three by the Executive Committee. No resolutions in writing were passed by the Audit Committee in 2006. Resolutions in writing must be executed by all of the directors entitled to vote on a matter.

APPOINTMENT OF AUDITORS

Deloitte & Touche LLP, Chartered Accountants, will be nominated at the Meeting for re-appointment as auditors of the Corporation at 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 2006 and fiscal 2005 were approximately Cdn\$2,534,000 and Cdn\$1,343,000, respectively. The aggregate fees billed by the auditors in fiscal 2006 and fiscal 2005 are detailed below.

<i>(Canadian \$ in 000's)</i>	<u>2006</u>	<u>2005</u>
Audit Fees (a)	\$1,588	\$ 936
Audit Related Fees (b)	\$ 246	\$ 208
Tax Fees (c)	\$ 700	\$ 200
All Other Fees	-	-
Total	<u>\$2,534</u>	<u>\$1,343</u>

(a) Fees for audit services billed or expected to be billed relating to fiscal 2006 and 2005 consisted of:

- audit of the Corporation's annual statutory financial statements;
- reviews of the Corporation's quarterly financial statements; and
- comfort letters, consents, and other services related to SEC and Canadian securities regulatory authorities' matters.

In addition, in 2006 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 2006 and 2005 consisted of financial accounting and reporting consultations and audit of annual statutory financial statements of the Corporation's subsidiaries.

(c) Fees for tax services provided during fiscal 2006 and 2005 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 did not incur fees for products and services provided by its principal accountant during fiscal 2006 and 2005 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 needs to be 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

Amended and Restated Equity Incentive Plan

Purpose

The Corporation is seeking authorization from its shareholders at the Meeting to amend and restate the Corporation's existing Employees' and Directors' Equity Incentive Plan (the "Incentive Plan") to: (i) increase the maximum number of Common Shares of the Corporation which may be allocated for issuance from 32,000,000 under the Corporation's existing Incentive Plan (the "Existing Plan") to 37,000,000 Common Shares under the proposed amended and restated plan (the "Amended Plan"); (ii) increase the maximum number of Common Shares of the Corporation which may be allocated for issuance under the Bonus Plan component of the Existing Plan from 2,000,000 Common Shares to 3,500,000 Common Shares; (iii) to amend the Existing Plan's "general amendment" provisions to comply with recent amendments to the rules and policies of The Toronto Stock Exchange ("TSX"); and (iv) to make other technical amendments to the Existing Plan (the "Incentive Plan Amendment Resolution"). The TSX has approved the proposed amendments to the Existing Plan, subject to approval by the shareholders at the Meeting.

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

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 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.

Exercise Period and Vesting

Options are exercisable for a period of time determined by the Board not exceeding five years from the date the option is granted. 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 five years from the date of grant, as to one-fifth of the total number of shares under option in 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.

Cashless Exercise

Share appreciation rights may also be granted, at the discretion of the Board on the recommendation of the Committee, to an Optionee in conjunction with, or at any time following the grant of, an option. Share appreciation rights under the Existing Plan effectively allow 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 (1) 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 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 2,000,000 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

Eligible employees are entitled to contribute up to seven per cent (7%) of their annual basic salary to the Share Purchase Plan in semi-monthly installments. 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 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 has the right to amend, modify or terminate the Existing Plan, in whole or in part, at any time if and when deemed advisable in the absolute discretion of the Board of Directors. However, any amendment to the Existing Plan which would materially increase the benefits under the Existing Plan, materially modify the requirements as to eligibility for participation in the Existing Plan or materially increase the number of Common Shares that may be issued or reserved for issuance under the Existing Plan will be effective only upon the approval of the shareholders of the Corporation, and, if required, the approval of any regulatory body having jurisdiction over the securities of the Corporation and the approval of any stock exchange on which the Common Shares are then listed for trading.

Share Issuance Limits

The aggregate maximum number of Common Shares which the Corporation may, from time to time, issue or reserve for issuance under the Existing Plan is 32,000,000 Common Shares. 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 currently 373,917,043 Common Shares of the Corporation issued and outstanding. Since the date of inception of the Existing Plan on June 26, 1996, the 32,000,000 Common Shares authorized for issuance under the Existing Plan have been issued or reserved for issuance as follows:

	<u>Number of Common Shares</u>	<u>% of Issued and Outstanding Common Shares</u>
Common Shares previously issued upon exercise of options under Option Plan	14,418,918	3.9%
Common Shares reserved for future issuance pursuant to unexercised options under Option Plan	13,243,734	3.54%
Common Shares previously issued pursuant to Purchase Plan	601,426	0.16%
Common Shares previously issued pursuant to Bonus Plan	826,120	0.22%
Unissued Common Shares available for future awards under Bonus Plan	572,454	0.15%
Unissued Common Shares available for future option grants under Option Plan and purchases under Purchase Plan	2,337,348	0.63%

Maximum number of Common Shares available for issuance	32,000,000	8.56%
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There are no entitlements to Common Shares under the Existing Plan which are subject to ratification by shareholders.

Proposed Amendments

Maximum Number of Shares Under the Incentive Plan and the Bonus Plan

The Existing Plan currently provides that the aggregate number of Common Shares that may be issued or reserved for issuance may not exceed 32,000,000 Common Shares. There is currently a balance available of 2,337,348 Common Shares available for future grants under the Option Plan and purchases under the Purchase Plan.

The Corporation believes that incentive stock options are a valuable mechanism for incentivizing the Corporation's existing employees, attracting new employees and aligning their interests with those of the Corporation's shareholders. To provide the Corporation with the continued flexibility of granting incentive stock options under the Option Plan, the Corporation is seeking approval from the shareholders at the Meeting, as part of the Incentive Plan Amendment Resolution, to increase the number of Common Shares of the Corporation issuable under the Existing Plan to a maximum of 37,000,000 Common Shares, which would represent 9.895% of the Common Shares currently issued and outstanding.

The Existing Plan currently provides for the issuance of a maximum of 2,000,000 Common Shares (within the overall maximum number of Common Shares issuable under the Incentive Plan) in respect of bonus awards. Bonus awards are an integral part of the Corporation's compensation policy to reward extraordinary efforts of the Corporation's officers and employees. To date, 826,120 bonus shares have been issued under the Bonus Plan. To provide the Corporation with the flexibility of granting incentive bonus shares, the Corporation is seeking approval, as part of the Incentive Plan Amendment Resolution, to increase the maximum number of Common Shares of the Corporation issuable under the Bonus Plan component of the Existing Plan to 3,500,000 Common Shares under the Amended Plan.

The proposed new share issuance limits appear as sections 3.2 and 5.1 of the Amended Plan attached as Schedule C to this Circular.

Detailed Amendment Procedure

In light of recent amendments to the rules of the TSX (the "TSX Rules"), the Corporation is seeking authorization from its shareholders to replace the "general amendment" provision contained in the Existing Plan with a more detailed amendment provision that is compliant with TSX Rules. The TSX Rules now require equity incentive plans to outline more specifically which amendments may be made with, and without, the approval of the Corporation's shareholders. In the absence of a revised amendment procedure that complies with the TSX Rules, the TSX requires shareholder approval for all amendments to an equity incentive plan.

The Corporation believes that in order to properly administer the Incentive Plan, the Board should continue to carry out certain amendments to the Incentive Plan and awards thereunder without having to seek shareholder approval for each such amendment. The Board has no current intention to make any amendments to the Plan, or any Options or awards thereunder, except as provided for in the Incentive Plan

Amendment Resolution. However, in order to adhere to the TSX Rules and to provide the Corporation with the flexibility to carry out certain amendments to the Incentive Plan without shareholder approval, the Corporation is seeking approval from the shareholders at the Meeting, as part of the Incentive Plan Amendment Resolution, to replace the “general amendment provision” in the Existing Plan with the more detailed amending provision in Section 5.7 of the Amended Plan which is attached as Schedule C to this Circular.

If the Amended Plan is adopted, the Board, based on the recommendation of the Compensation and Benefits Committee, will have the authority and discretion to amend the Incentive Plan and awards granted thereunder without shareholder approval for all matters, including the matters set forth in the proposed Section 5.7 of the Amended Plan, except for those matters requiring shareholder approval. Accordingly, under the Amended Plan, the Board will have the power to amend, suspend or terminate the Incentive Plan, and awards thereunder, including changes of a clerical or grammatical nature, changes regarding persons eligible to participate in the Incentive Plan, changes to the exercise price, vesting, terms and termination provisions of options, changes to the share appreciation right provisions, changes to the share bonus provisions (other than the maximum number of bonus shares issuable under the Incentive Plan), changes to the authority and role of the Compensation and Benefits Committee under the Incentive Plan, changes to the acceleration and vesting of options in the event of a take-over bid and other matters relating to the Option Plan and the awards granted thereunder. Subject to regulatory approval, shareholder approval will only be required for the following amendments:

- (i) an amendment to the aggregate number of Shares that may be reserved for issuance under the Incentive Plan;
- (ii) an amendment to the aggregate maximum number of Common Shares issuable under the Share Bonus Plan component of the Incentive 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 Incentive 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 Incentive Plan; or
- (v) an amendment to the amending provisions under the Incentive Plan.

The proposed new amending provision appears as Section 5.7 of the Amended Plan which is attached as Schedule C to the Circular.

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.

Amendments to the TSX Rules now contemplate that equity incentive plans may provide for the expiration of the terms of options held by insiders and other plan participants to

be extended to a date shortly after the expiry date of an option, if such expiry occurs during, or shortly following, a “blackout period” under an issuer’s insider trading or similar policy.

In light of these amendments and so that optionees whose Options expire during or within ten days following an expiry of blackout periods are treated equally with other optionees under the Plan, the Corporation proposes amending the provisions of the Existing Plan that deal with the terms of Options to provide for the expiration of the terms of Options held by Insiders and other plan participants to be the later of the original expiry date and a date that is ten business days following the end of such blackout period. This provision would apply to all outstanding options held by insiders and other participants under the Existing Plan and under the Amended Plan.

The proposed amendment to the terms of Options provision appears in Subsection 1.2(d) and Subsection 2.5 of the Amended Plan which is attached as Schedule C to this Circular.

Other Amendments

Under the terms of the Incentive Plan, the Board, on the recommendation of the Compensation and Benefits Committee, authorizes grants of options to eligible participants under the Incentive Plan. The Corporation proposes a technical amendment to the provisions in respect of the grant of options to clarify that the date of grant of options will be the date that the Compensation and Benefits Committee approves such grant for recommendation to the Board, provided the Board approves such grant, or for a grant of options not approved by the Compensation and Benefits Committee for recommendation to the Board, the date such grant was approved by the Board.

Also included as technical amendments to the Existing Plan to comply with applicable TSX policies are amendments to the definitions of “Insider” and “Affiliate” in Section 1.2 of the Incentive Plan, to Section 2.6 (Share Appreciation Right) of the Incentive Plan, as well as to Section 5.1 (a) and (b).

The proposed amendment to the grant of options provisions appears in Subsection 2.4 of the Amended Plan which is attached as Schedule C to this Circular.

CONFIRMATION OF REVISIONS TO THE BY-LAWS

On March 9, 2007, the Board enacted revisions to Section 7.1 of the By-Laws, which revisions will cease to be effective unless they are confirmed by resolution passed by a simple majority of the votes cast by shareholders at the Meeting.

The revisions to Section 7.1 of the By-Laws allow for shares to be issued electronically, without a certificate, as will be required for shares listed on a U.S. stock exchange beginning in 2008.

A copy of the revised By-Laws is available on request to the Corporate Secretary, 654 – 999 Canada Place, Vancouver, British Columbia V6C 3E1, telephone (604) 688-5755, and is available on the Corporation’s website at www.ivanhoe-mines.com.

The proposed resolution being put forward for consideration by shareholders is as follows:

“RESOLVED as an ordinary resolution, that revisions to Section 7.1 of the By-Laws of the Corporation, being revisions to allow for shares to be

issued electronically, without a certificate, that were enacted by the Board on March 9, 2007, are hereby confirmed without amendment.”

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below or elsewhere in this Management Proxy Circular, no insider, director nominee or associate or affiliate of any such insider or director nominee, has any material interest, direct or indirect, in any material transaction since the commencement of the Corporation’s last financial year or in any proposed transaction, which, in either case, has materially affected or would materially affect the Corporation.

At the end of 2006 and 2005 subsidiaries of the Corporation holding the Savage River iron ore project owed approximately U.S.\$5.1 million to Mr. Robert Friedland, Chairman of the Corporation, which indebtedness originated as a result of the December 2000 acquisition by the Corporation of the Savage River project. Following the sale of the Savage River operations in February 2005, repayment of this balance is contingent upon the Corporation receiving proceeds in excess of approximately U.S.\$111 million from the sale of the Savage River operations. To date, U.S.\$49.7 million has been received from the sale with an additional U.S.\$21 million expected to be received on March 31, 2007.

The Corporation is a party to cost sharing agreements with other companies in which Mr. 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, Beijing 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, 2006, the Corporation’s share of these costs was U.S.\$11.7 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, are as follows:

<u>Corporation Name</u>	<u>Robert Friedland Ownership Interest</u>
Ivanhoe Energy Inc.	20.24%
Ivanhoe Capital Corporation	100%
Ivanhoe Nickel & Platinum Ltd.	50%
Jinshan Gold Mines Inc.	(1)
Asia Gold Corp.	(1)

(1) Mr. Friedland owns 27.03% of the Common Shares of the Corporation, which owns 46.26 % of the common shares of Jinshan Gold Mines Inc. and 44.5% of the common shares of Asia Gold Corp. as at December 31, 2006.

EXECUTIVE COMPENSATION

In accordance with the requirements of applicable securities legislation in Canada, the following executive compensation disclosure is provided as at December 31, 2006, in respect of the Chief Executive Officer, Chief Financial Officer and each of the Corporation's three executive officers whose annual compensation exceeded Cdn.\$150,000 in the year ended December 31, 2006 (collectively, the "Named Executive Officers"). During the year ended December 31, 2006, the aggregate compensation paid to all officers of the Corporation who received more than Cdn.\$40,000 in aggregate compensation during such period was U.S.\$5,800,000 (Cdn.\$6,578,360).

Summary Compensation Table

The following table sets forth a summary of all compensation paid during the years ending December 31, 2004, 2005 and 2006 to each of the Named Executive Officers ("NEO").

NEO Name and Principal Position	Year	Long-Term Compensation			Awards		Payouts	All Other Compensation (U.S.\$)
		Salary (U.S.\$)	Bonus (U.S.\$)	Other Annual Compensation (U.S.\$) ⁽¹⁾	Securities Under Options/ SARs Granted	Shares or Units Subject to Resale Restrictions	LTIP Payouts	
John Macken ⁽⁴⁾ (CEO & President)	2006	578,875	500,000	-	2,000,000	-	-	24,473 ⁽³⁾
	2005	457,400	-	-	-	-	-	8,200 ⁽²⁾
	2004	370,022	-	-	1,000,000	-	-	8,200 ⁽²⁾
Tony Giardini ⁽⁵⁾ (CFO)	2006	156,092	25,000	-	250,000	-	-	2,980 ⁽³⁾
	2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2004	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Robert Friedland ⁽⁶⁾ (Chairman and former CEO)	2006	-	1,000,000 ⁽⁷⁾	-	2,000,000	-	-	-
	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	549 ⁽²⁾
Peter Meredith ⁽⁸⁾ (Deputy Chairman & former CFO)	2006	262,592	1,000,000	-	400,000	-	-	13,481 ⁽³⁾
	2005	216,402	-	-	-	-	-	11,315 ⁽³⁾
	2004	243,053	-	-	250,000	-	-	10,602 ⁽³⁾
R. Edward Flood (former Deputy Chairman)	2006	275,000	150,000	-	300,000	-	-	4,215 ⁽²⁾
	2005	226,000	-	-	-	-	-	3,690 ⁽²⁾
	2004	179,100	-	-	-	-	-	3,690 ⁽²⁾
Steve Garcia ⁽⁹⁾ (Executive VP)	2006	300,000	100,000	-	250,000	-	-	-
	2005	194,318	-	-	250,000	-	-	-
	2004	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Doug Kirwin (Executive VP, Exploration)	2006	209,230	-	74,635 ⁽¹⁰⁾	100,000	-	-	9,211 ⁽³⁾
	2005	180,360	-	94,918 ⁽¹¹⁾	-	-	-	7,837 ⁽³⁾
	2004	180,136	-	73,119 ⁽¹²⁾	50,000	-	-	7,765 ⁽³⁾

(1) Perquisites and benefits do not exceed the lesser of Cdn.\$50,000 and 10% of the total of the annual salary and bonus for any of the Named Executive Officers except where numbers are disclosed in this column.

(2) Includes life insurance premiums.

(3) Includes life insurance premiums and share purchase plan.

(4) Mr. Macken became the Corporation's Chief Executive Officer on May 12, 2006.

(5) Mr. Giardini commenced employment in May 2006.

(6) Mr. Friedland ceased being Chief Executive Officer of the Corporation on May 12, 2006.

(7) Non-cash bonus paid by the issuance of 107,991 Common Shares.

(8) Mr. Meredith was the Corporation's Chief Financial Officer from May 20, 2004 to May 12, 2006.

(9) Mr. Garcia commenced employment in May, 2005.

(10) Represents housing allowance of \$36,000 and children's school fees of \$41,035.

- (11) Represents housing allowance of \$36,000 and children's school fees of \$58,918.
- (12) Represents housing allowance of \$36,000 and children's school fees of \$37,119.

Long Term Incentive Plan

The Corporation does not presently have a long-term incentive plan for its executive officers.

Options/SAR Grants During The Most Recently Completed Financial Year

Other than as described below, there were no options or SAR grants made to the Named Executive Officers during the most recently completed financial year.

Name	Securities Under Options/SARs Granted (#) ⁽¹⁾	Percent of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (Cdn.\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (Cdn.\$/Security)	Expiration Date
Robert Friedland	2,000,000 ⁽²⁾	23.4%	\$9.73	\$9.73	March 27, 2013
John Macken	2,000,000 ⁽²⁾	23.4%	\$9.73	\$9.73	March 27, 2013
Peter Meredith	400,000 ⁽²⁾	4.68%	\$9.73	\$9.73	March 27, 2013
Tony Giardini	250,000 ⁽²⁾	2.92%	\$9.73	\$9.73	March 27, 2013
R. Edward Flood	300,000 ⁽²⁾	3.0%	\$9.73	\$9.73	March 27, 2013
Steve Garcia	250,000 ⁽³⁾	2.92%	\$9.73	\$9.73	March 27, 2013
Douglas Kirwin	100,000 ⁽⁴⁾	1.17%	\$7.93	\$7.93	May 23, 2011

- (1) The securities issued upon exercise of the options are common shares of the Corporation.
- (2) 20% vested on the earlier of December 31, 2006 or achievement of each of four defined development criteria for Oyu Tolgoi currently planned for 2006, 15% to vest on the earlier of December 31, 2007 or achievement of each of four additional defined development criteria for Oyu Tolgoi currently planned for 2007, 15% to vest on the earlier of December 31, 2008 or achievement of one of two additional defined development criteria currently planned for Oyu Tolgoi for 2008 and the remaining 25% to vest on the earlier of December 31, 2009 and achievement of each of two additional defined development criteria planned for Oyu Tolgoi for 2009.
- (3) 10,000 vested with the partial release of the Oyu Tolgoi project, 20,000 to vest upon the completion of a definitive estimate, 20,000 to vest when engineering 90% complete, 20,000 to vest when Shaft #1 complete, 40,000 to vest when overall project 75% complete, 20,000 to vest with first ore, 100,000 to vest with nameplate production, and 20,000 to vest with Hugo North feasibility.
- (4) At any time from the date of grant until the first anniversary of the date of grant, 20% of the options may be exercised. At any time during each of the next four years on anniversary of the date of grant an additional 20% of the securities may be vested per year until, in the fifth year of the option, 100% of the options will be exercisable.

Aggregated Option Exercises

Other than as described below, no options or stock appreciation rights were exercised during the year ended December 31, 2006 by the Named Executive Officers.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (Cdn.\$)	Unexercised Options at December 31, 2006 ⁽¹⁾ (Exercisable/Unexercisable) (#)	Value of Unexercised in the Money Options at December 31, 2006 ⁽¹⁾ (Exercisable/Unexercisable) (Cdn.\$)
Robert Friedland	NIL	NIL	900,000/1,100,000	\$1,593,000/\$1,947,000
John Macken	NIL	NIL	1,000,000/NIL 700,000/300,000 900,000/1,100,000	NIL/NIL \$2,640,000/\$1,116,000 \$1,593,000/\$1,947,000
Peter Meredith	NIL	NIL	30,000/20,000 120,000/80,000 180,000/220,000	\$114,300/\$76,200 \$396,000/\$264,000 \$318,600/\$389,400
Tony Giardini	NIL	NIL	112,500/137,500	\$199,125/\$243,375
R. Edward Flood	123,393 ⁽²⁾	\$937,786.80	NIL/NIL	NIL/NIL
Steve Garcia	NIL	NIL	100,000/150,000 10,000/240,000	\$309,000/\$463,500 \$17,700/\$424,800
Douglas Kirwin	30,000 20,000	\$58,600 \$81,400	NIL/10,000 NIL/80,000	NIL/\$38,100 NIL/\$285,600

- (1) The figures representing Exercisable/Unexercisable options do not include options that have vested since December 31, 2006 and the date of this Management Proxy Circular.
- (2) Mr. Flood exercised 150,000 stock options by way of the Corporation's Share Appreciation Right and received 123,393 common shares. 26,607 common shares were returned to the Corporation's treasury as payment.

Option and SAR Repricings

No options or stock appreciation rights were re-priced during the year ended December 31, 2006.

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 2006, the Corporation purchased director and officer liability insurance with a U.S.\$100,000,000 limit. The total premiums paid by the Corporation in respect of this insurance coverage for the twelve month term were U.S.\$1,550,395.

Employment Contracts

The Corporation has an employment contract with John Macken respecting his employment as President of the Corporation. The term of the agreement commenced on January 1, 2004 and provides for an initial base salary, a housing benefit and the same benefit entitlements available to the Corporation's other executive officers. The Corporation may terminate Mr. Macken's employment for cause, or, on payment of 12 month's base salary, without cause. In the event of a change of control of the Corporation and if the contract is terminated by the Corporation within twelve months thereafter, Mr. Macken would be entitled to receive payment of 12 month's base salary and a vesting of all unexercised stock options which will thereafter remain exercisable for six months. Under the terms of the contract, Mr. Macken was granted an initial incentive stock option effective January 1, 2004 to acquire 1,000,000 common shares which vested over three years and expires on November 1, 2013. Mr. Macken was

granted a further option on March 30, 2004 to acquire an additional 1,000,000 common shares, which options vested as to 20% in March, 2004 and, as to the balance, 20% in March, 2005, 30% in March 2006 and 30% in March 2007, subject in each case to earlier vesting upon specified corporate goals identified by the Board of Directors being met. Mr. Macken was also granted a further option on March 27, 2006 which options expire on March 27, 2013 and which vested as to 25% on grant, as to 20% on December 31, 2006, as to 15% on December 31, 2007, as to 15% on December 31, 2008, and as to the balance on December 31, 2009, subject to earlier vesting upon specific corporate goals being met by the Corporation.

Mr. Giardini was employed by the Corporation on May 1, 2006 as Chief Financial Officer. Under his contract, the Corporation may terminate Mr. Giardini for cause and if this were to happen, Mr. Giardini would have no entitlement to claim any compensation with respect to the termination. If Mr. Giardini is terminated without cause, he is entitled to receive twelve months salary and benefits in lieu of notice. Should he wish to resign, Mr. Giardini must give the Corporation not less than eight weeks notice of his resignation. In the event of a change of control and should the contract be terminated by the Corporation, Mr. Giardini will be entitled to received a lump sum payment in an amount equal to twelve months salary.

The Corporation has also had employment contracts with Douglas Kirwin respecting his employment with the Corporation since 1995. His current contract for services as the Corporation's Executive Vice President, Exploration was originally entered into in November 1998 and was renewed in May 2003. Under the contract, the Corporation may terminate Mr. Kirwin's employment for death, disability or cause, or, on payment of one month's salary multiplied by the number of whole years Mr. Kirwin has been employed by the Corporation, without cause. In the event of a change of control of the Corporation which has not been approved by the then existing Board, Mr. Kirwin is entitled to terminate his employment within three months of the date of such change of control and to receive a payment equal to three times his annual salary.

Steve Garcia was appointed Executive Vice President of the Corporation on June 21, 2006. Mr. Garcia, through a consulting company, NES Overseas Ltd. (the "Consultant"), provides services to the Corporation, including oversight of the development of the Oyu Tolgoi Project, pursuant to a consulting agreement. The Consultant is paid a monthly basic wage of U.S.\$25,000 plus accommodation, food and support expenses. The term of the agreement is for one year and in the event of early termination by the Corporation without cause, the Consultant shall be entitled to receive a lump sum payment equal to the salary that would otherwise be payable to him during the contract term. The agreement does not contain any change of control provisions and may be terminated by either party upon one month's written notice.

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, 2006, the Compensation and Benefits Committee was comprised of Messrs. David Huberman (Chair), Kjeld Thygesen, Robert Hanson and David Korbin.

Since the beginning of the most recently completed financial year, which ended on December 31, 2006, none of Messrs. Huberman, Thygesen, Hanson or Korbin 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.

Report on Executive Compensation

Compensation and Benefits Committee and Approach to Executive Compensation

The Compensation and Benefits Committee is established by the Board to assist the Board in fulfilling its responsibilities relating to compensation issues and human resources. The members of the Compensation and Benefits Committee are all independent directors. The Compensation and Benefits Committee ensures that the Corporation has an executive management compensation plan that is both competitive and motivational so that it will attract, retain and inspire performance of its executive management of a quality and nature that will enhance the sustainable growth and success of the Corporation.

The Compensation and Benefits Committee reviews and recommends the compensation philosophy and guidelines for the Corporation which include reviewing, for recommendation to the Board, the compensation philosophy and guidelines, both for executive officers and relating to all employees, including annual salary and incentive policies and programs, and material changes to the Corporation's benefit programs. The Compensation Committee bases its recommendations on its compensation principles and on the performance of the individual and the Corporation.

The Compensation and Benefits Committee annually reviews the cash compensation, performance and overall compensation package for each of the Corporation's executive officers. It makes recommendations to the Board concerning the base salary, bonus and equity incentive arrangements for the executive and senior officers.

The basic philosophy underlying the Corporation's executive compensation program is that the interests of the Corporation's executive officers should be aligned as closely as possible with the interests of the Corporation and its shareholders as a whole. The approach to compensation policy reflects the Corporation's desire to provide a strong incentive to management to work as a team to achieve the Corporation's long term and short term goals. At the same time, the Corporation recognizes that, because competition in the mining industry for experienced and highly skilled employees is intense, the levels of compensation we offer must be comparable to those offered by our competitors in order to attract, retain and motivate executive personnel of the highest caliber.

The compensation of the Corporation's executive officers is comprised of three principal components - base salary, performance bonuses in cash or fully paid shares, and long term equity incentives. The Corporation does not maintain a pension plan or other long term compensation plan for its executive and senior officers. Executive and senior officers are eligible to participate in the Share Purchase Plan under the Corporation's Incentive Plan. At present, although the Corporation's executives are encouraged to do so, the Corporation does not formally maintain a share ownership expectation for executive officers.

Compensation for executives is established with reference to the disclosed compensation practices of companies in the Corporation's peer comparison group which is comprised of international industry-leading global mining companies. Annual salaries, performance bonuses and long-term incentives are established with reference to the fiftieth to seventy-fifth percentile compensation level of the Corporation's peer comparison group.

A number of the principles of executive compensation currently in practice by the Compensation and Benefits Committee were developed following (i) the engagement during 2005 of outside consultants who were retained to develop a justifiable compensation strategy for the Corporation's executives that supports business objectives and rewards experience and impact on organizational success; and (ii) an internal review by the Compensation and Benefits Committee during the past year. Consequently, the Compensation and Benefits Committee has determined that a more formalized approach to implementing the foregoing principles is required and expects to make further progress on this, with the assistance of outside consultants during 2007.

Base Salary

In determining the base salary for its executive officers, the Compensation and Benefits Committee places equal weight on the following factors: (i) the executive's overall performance; (ii) the experience level of the executive officer; (iii) the particular responsibilities related to the executive officer's position; and (iv) salaries paid by the Corporation's peer compensation group. Until recently, base salaries generally and bonuses in particular have been at the relatively low end of the scale compared to industry peers with a greater emphasis placed on options. Annual salaries are now targeted at the fiftieth to seventy-fifth percentile compensation level of the Corporation's peer comparison group. To ensure the Corporation continues to attract and retain qualified and experienced executive management, the Compensation and Benefits Committee reviews and adjusts salaries periodically. During 2006, as set out under "Executive Compensation – Summary Compensation Table" above, a number of executives received such salary adjustments during 2006.

Bonus Payments

Executive officers are eligible for annual cash bonuses, after taking into account and giving equal weight to performance of the executive officer relative to individual performance objectives and the Corporation's performance and success in achieving its goals during the year. The performance criteria considered in determining performance bonus awards varies in accordance with the position and responsibilities of the executive being evaluated. The significant considerations in determining performance bonuses for executive officers include corporate development and organizational indicators as well as individual achievements that demonstrate an extraordinary contribution to corporate growth and success.

During 2006, the Compensation and Benefits Committee recognized the performance of individual executives, senior management and key employees in light of the foregoing compensation principles, and, in particular, the significant role played by certain key executives and employees in connection with the successful negotiations leading to Rio Tinto Mining and Exploration Limited's investment in, and strategic partnership with, the Corporation which was announced on October 18, 2006. Executives receiving awards by the Corporation on the recommendation of the Compensation and Benefits Committee in recognition of their extraordinary contributions made to the success of the Rio Tinto transactions, and/or for overall individual and corporate performance included Robert Friedland, the Corporation's Chairman and, until May 2006 the Chief Executive Officer, and Peter Meredith, the Corporation's Deputy Chairman and, until May 2006 the Chief Financial Officer, who each were awarded special bonuses of U.S.\$1 million. Mr. Friedland's bonus was paid by the issue of 107,991 Common Shares of the Corporation and Mr. Meredith received his bonus in cash. John Macken, CEO and President received a bonus of U.S.\$500,000. At the recommendation of the Compensation and Benefits Committee, the Board also awarded during 2006 an aggregate of U.S.\$1,000,000 in further bonuses to employees and executive officers, including cash

bonuses to Edward Flood, Deputy Chairman (until February 15, 2007) (U.S.\$150,000), Steve Garcia, Executive Vice President (U.S.\$100,000) and Tony Giardini, Chief Financial Officer (U.S.\$25,000).

Long Term Incentives

Under the Corporation's compensation philosophy, an equity incentive component in the form of options is a key part of the executives 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.

Equity based incentives awarded to our executive officers are based on the Compensation and Benefit Committee's evaluation of each executive officer's ability to influence our long-term success and to reward outstanding individual performance and contributions. The Compensation and Benefits Committee takes into account each executive's stock option position, peer comparison group benchmark and individual performance when determining how many new stock option grants will be made to an executive officer. Where appropriate, the Corporation includes performance-based criteria as a key component of stock option grants and during 2006 a number of stock option grants to key employees included vesting schedules that were based on the achievement of key milestones for the Corporation's development on which such key employee had the potential to positively impact.

During 2006, the Corporation granted incentive stock options to employees, officers and directors exercisable to purchase a total of 8,549,000 Common Shares, representing approximately 2.3 per cent of the total number of Common Shares currently issued and outstanding on December 31, 2006. Included in these grants were stock options expiring on March 27, 2013 granted to John Macken in respect of 2,000,000 Common Shares, Robert M. Friedland in respect of 2,000,000 Common Shares, Peter Meredith in respect of 400,000 Common Shares, Edward Flood in respect of 300,000 Common Shares and Douglas Kirwin, Executive Vice-President Exploration, in respect of 100,000 Common Shares. The stock options issued to Messrs. Macken, Friedland, Meredith and Flood each vest as to 25% on grant, 20% on December 31, 2006, 15% on December 31, 2007, 15% on December 31, 2008 and the balance on December 31, 2009, subject to earlier vesting upon specific corporate goals being met by the Corporation. The stock options issued to Mr. Kirwin expire on May 23, 2011 and vest as to 20% on grant and thereafter as to 20% each over the following four years.

Chief Executive Officer Compensation

The Compensation and Benefits Committee periodically review 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. Based on the results of the Chief Executive Officer's evaluation, the committee recommends the Chief Executive Officer's overall compensation package to the Board.

The components of total compensation for the Chief Executive Officer are the same as those which apply to other senior executive officers of the Corporation, namely, annual salary, performance bonus and long term incentives.

Robert Friedland, who is the Corporation's largest shareholder, was also the Corporation's Chief Executive Officer until May, 2006 but did not receive a salary or any other cash compensation for acting as such. Mr. Friedland is, however, eligible on the same basis as the Corporation's other executive officers, to receive a salary, bonuses and equity compensation and equity incentives from time to time at the discretion of the Board of Directors based on recommendations by the Compensation and Benefits Committee. For 2006, in addition to the special bonus awarded to Mr. Friedland in connection with the Rio Tinto transaction, Mr. Friedland was granted 2,000,000 incentive stock options.

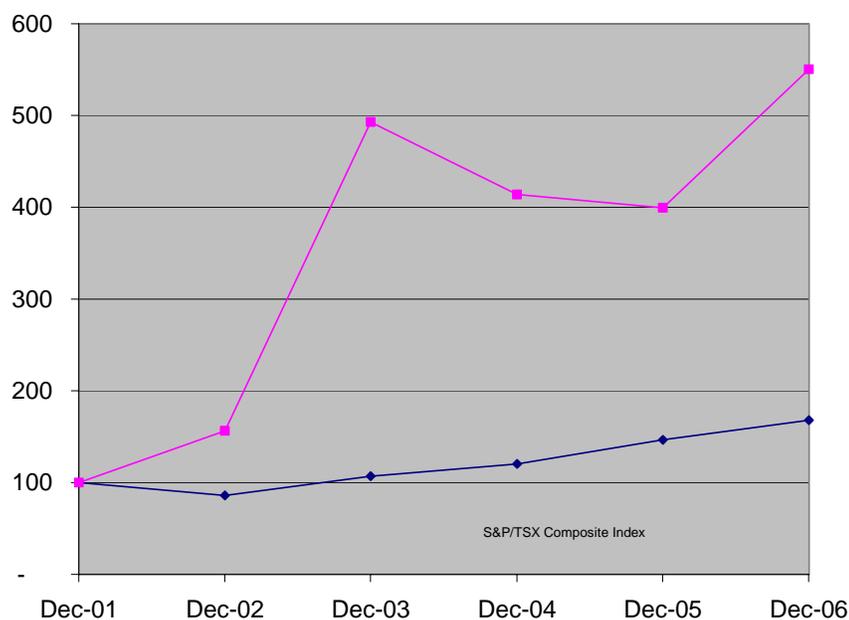
Mr. Macken, who assumed the role of Chief Executive Officer in May, 2006 in addition to his position as President, received a salary during 2006 of U.S.\$578,875, an increase of U.S.\$121,475 over his salary in 2005. In addition to a bonus of U.S.\$500,000 awarded to Mr. Macken during 2006, Mr. Macken received 2,000,000 incentive stock options. The increase in salary for Mr. Macken also reflected, in part, the extra responsibilities Mr. Macken assumed with the role of Chief Executive Officer. The overall level of compensation for Mr. Macken reflected both Mr. Macken's performance as President and, after May 2006, as Chief Executive Officer, the Corporation's achievement of objectives during 2006 and the Corporation's philosophy of reflecting the competitive marketplace by targeting overall compensation with reference to the fiftieth to seventy-fifth percentile compensation level of the Corporation's peer comparison group.

Submitted on behalf of the Compensation and Benefits Committee:

David Huberman (Chair)
Kjeld Thygesen
Robert Hanson
David Korbin
Howard Balloch (member since January 12, 2007)

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, 2001 to December 31, 2006.



	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06
—◆— S&P/TSX Composite Index	100	86	107	120	147	168
—■— Ivanhoe Mines Ltd.	100	156	493	414	400	550

COMPENSATION OF DIRECTORS

Effective May 1, 2007, each non-management director will receive Cdn.\$25,000 per annum (prior thereto, Cdn.\$15,000 per annum). Mr. David Huberman receives an additional payment of Cdn.\$60,000 per annum for acting as the Lead Director of the Board of Directors. Mr. John Weatherall receives an additional payment of Cdn.\$25,000 for acting as the Chairman of the Audit Committee. Each Chair of the Compensation and Benefits Committee and the Corporate Governance and Nominating Committee will receive an additional payment of Cdn.\$15,000 per annum for acting as such. Effective March 9, 2007, each non-management director will receive a fee of Cdn.\$1,500 for each Board of Directors meeting and each Committee meeting attended in person (prior thereto, Cdn.\$1,200) and, U.S.\$600 for each Director and Committee conference call in which they participate. 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 25,000 Common Shares of the Corporation, such options having 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.

The following table reflects compensation earned by directors in respect of fiscal 2006 under the compensation arrangements described above.

Directors' Compensation for Fiscal 2006

NAME	INDEPENDENT DIRECTOR RETAINER (Cdn.\$)	NON-MANAGEMENT DIRECTOR'S FEES (Cdn.\$)	LEAD DIRECTOR RETAINER (Cdn.\$)	AUDIT / CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHAIRPERSON RETAINERS (Cdn.\$)	BOARD AND COMMITTEE IN- PERSON (Cdn.\$)	BOARD AND COMMITTEE CONFERENCE CALLS (U.S.\$)	TOTAL CASH FEES PAID (Cdn.\$) (U.S.\$)	
Robert Friedland ⁽¹⁾	-	-	-	-	-	-	-	-
R. Edward Flood ⁽¹⁾	-	-	-	-	-	-	-	-
John Macken ⁽¹⁾	-	-	-	-	-	-	-	-
Peter G. Meredith ⁽¹⁾	-	-	-	-	-	-	-	-
David Huberman	15,000	-	60,000	30,000 ⁽⁴⁾	13,200	7,800	118,200	7,800
John Weatherall	15,000	-	-	25,000	12,000	6,600	52,000	6,600
Kjeld Thygesen	15,000	-	-	-	16,800	7,200	31,800	7,200
Robert Hanson	15,000	-	-	-	12,000	6,000	27,000	6,000
Markus Faber	15,000	-	-	-	12,000	1,800	27,000	1,800
Howard Balloch ⁽²⁾	-	15,000	-	-	7,200	5,400	22,200	5,400
David Korbin ⁽³⁾	10,000	-	-	-	7,200	4,800	17,200	4,800
Tom Albanese	-	-	-	-	-	-	-	-
TOTAL	85,000	15,000	60,000	55,000	80,400	39,600	295,400	39,600

- (1) Messrs. Friedland, Flood, Macken and Meredith were members of management in fiscal 2006 and did not receive compensation as directors of the Corporation.
- (2) In recognition of Mr. Balloch's contributions as a non-management director during fiscal 2006, the Board, on the recommendation of the Compensation and Benefits Committee, approved the payment to Mr. Balloch of a director's fee and stock options equivalent to the annual retainer and stock options paid to the Corporation's independent directors. From and after January 1, 2006, such fee is payable annually to all non-management directors.
- (3) Mr. Bruk joined the Audit Committee on May 10, 2005. He retired from the Board on March 10, 2006.
- (4) Mr. Huberman receives a \$15,000 retainer for being Chairman of the Corporate Governance & Nominating Committee and a \$15,000 retainer for being Chairman of the Compensation & Benefits Committee.

EQUITY COMPENSATION PLAN INFORMATION

The following information respecting the Incentive Plan is presented as at December 31, 2006:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (Cdn.\$)	Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflecting in column (a))
Equity compensation plans approved by securityholders	13,644,434	\$8.99	2,959,648
Equity compensation plans not approved by shareholders	Nil	Nil	Nil
Total	13,644,434	\$8.99	2,959,648

On the date of this Management Proxy Circular, there are 2,909,802 Common Shares issuable upon the exercise of outstanding options, representing approximately 0.78% of the Corporation's issued and outstanding share capital.

Employees' and Directors' Equity Incentive Plan

A Summary of the material provisions of the Incentive Plan is set forth under the heading "Particulars of Matters to be Acted Upon – Summary of Existing Plan".

CORPORATE GOVERNANCE

The Board of Directors considers good corporate governance practices as an important factor in the continued and long term success of the Corporation by helping to maximize shareholder value over time.

Until June 30, 2005, the rules and policies of the TSX required corporations listed on the TSX to disclose their corporate governance practices with reference to a series of guidelines adopted by the TSX for effective corporate governance (the "TSX Guidelines").

Following the enactment in the United States of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), the TSX initiated a review of its proposed standards in light of new U.S. legislation and published for public comment proposed amendments to the TSX Guidelines. However, in September 2003 the TSX announced that it would be relinquishing responsibility for setting corporate governance standards to Canadian securities regulators.

In January 2004, the Canadian Securities Administrators (the "CSA") announced new rules governing (among other things) the independence, competence and responsibility

of audit committees, which rules are substantially similar to those adopted in the United States. These rules are set out in Multilateral Instrument 52-110 (the “CSA Audit Committee Rules”) and came into force on March 30, 2004. In April 2005, the CSA announced amendments to the CSA Audit Committee Rules designed to ensure the consistency of the definition of “independence” with that of the New York Stock Exchange’s listing standards. These amendments took effect as of June 30, 2005.

The CSA Audit Committee Rules (with which the Corporation is in compliance) require:

- a minimum three-member audit committee comprised solely of independent directors;
- an audit committee charter that specifies certain specific audit committee responsibilities and authority, including, among other things:
 - the pre-approval of all audit services and permissible non-audit services; and
 - the sole authority to appoint, determine funding for and oversee the outside auditors.

The CSA also announced, in April 2005, the adoption of Multilateral Policy 58-201 and Multilateral Instrument 58-101 (collectively, the “CSA Corporate Governance Disclosure Requirements”), which took effect as of June 30, 2005. The CSA Corporate Governance Disclosure Requirements replaced the TSX Guidelines and apply to the Corporation’s disclosure of its corporate governance practices for the year ended December 31, 2006. These requirements 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 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 regular meetings of non-management Directors by teleconference between regularly scheduled Board meetings;
- ix. 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; and
- 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.

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 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 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:

Independent Director Nominees	Non-independent Director Nominees
David Huberman	Robert Friedland ¹
John Weatherall	Edward Flood ¹
Markus Faber	John Macken ¹
Robert Hanson	Peter Meredith ¹
Kjeld Thygesen	Bret Clayton ²
Howard Balloch	
David Korbin	

¹ Each of Messrs. Friedland, Flood, Macken and Meredith are “non-independent” director nominees in their capacities as senior officers or former senior officers of the Corporation and/or one or more of its subsidiaries and members or former members of management.

² Mr. Clayton, 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 27.0% and Rio Tinto holds approximately 9.2% of the Corporation’s voting securities as of the date of this Management Proxy Circular. The Board has determined that the Corporation currently has seven of twelve directors in David Huberman, John Weatherall, Markus Faber, Robert Hanson, Kjeld Thygesen, Howard Balloch and David Korbin, 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 Chairman of the Corporation and Rio Tinto. 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 directors of the Corporation are satisfied with the size and composition of the Board and believe that the current Board composition results in a balanced representation on the Board of Directors among management, 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.

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 to be devoted to a comprehensive review of strategic corporate plans proposed by management.

As part of its ongoing review of business operations, at each Board meeting the Board 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 planning issues, with and without members of management;
- (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 which takes place at each Board meeting, the Board considers risk issues 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 Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary and senior Corporate Communications and Investor Relations Department personnel, 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 annual and quarterly meetings. Between the quarterly meetings, the Board meets as required, generally by means of telephone conferencing facilities. As part of the annual and quarterly meetings, the independent directors also have the opportunity to meet separate from management. Between each regularly scheduled Board meeting, 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. In addition, the Board has appointed 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. Weatherall (Chair), Thygesen, Faber and Korbin. The CSA Audit Committee Rules provide for audit committees to consist solely of independent directors. All of Messrs. Weatherall, Thygesen, Faber and Korbin 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.

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.

Each of Messrs. Weatherall and Korbin 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 each of Mr. Weatherall, a Chartered Financial Analyst, with over 40 years experience as an investment analyst, who also has experience as a portfolio manager, and 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), Thygesen, Hanson, Korbin 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 has 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 nominations 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, Weatherall, Hanson, Thygesen, Faber, Korbin and Balloch, of which Mr. Huberman is Chair of the Committee, in addition to being the Corporation's Lead Director. 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 was created by the Board to meet as required, between meetings of the full Board, to approve expenditures of up to U.S.\$10,000,000. It currently consists of Messrs. Friedland, Meredith, Macken and Huberman.

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 copy of the Corporation's Code of Business Conduct and Ethics has been filed on SEDAR and is available on the Corporation's website (www.ivanhoemines.com). A copy may also be obtained, without charge, by request to the 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 "A" 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.ivanhoe-mines.com or through the System for Electronic Document Analysis and Retrieval (SEDAR) at 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 22nd day of March, 2007.

BY ORDER OF THE BOARD

"BEVERLY A. BARTLETT"
VICE PRESIDENT AND CORPORATE SECRETARY

SCHEDULE "A"

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 ⁽¹⁾	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% (7 out of 12) 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 John Weatherall Markus Faber Robert Hanson Kjeld Thygesen Howard Balloch David Korbin</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 U.S.\$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</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
	<p>a current executive officer of a company that has made payments to, or received payments from, the Corporation for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of U.S.\$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 U.S.\$200,000, whichever is more, in any of the past three years.</p> <p>In the case of Mr. Balloch, the Board considered an agreement for consulting services between the Corporation and a company beneficially owned by Mr. Balloch and his spouse and determined that payments pursuant to such agreement (which terminated in 2004) did not exceed U.S.\$60,000 during any 12 month period in the last three years. Accordingly, Mr. Balloch has ceased to be disqualified as an "independent director" under the applicable per se standards of the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules, and the Board has made the determination that Mr. Balloch is qualified to sit as an "independent director".</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 out of 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 R. Edward Flood Bret Clayton</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>Mr. Flood, as a senior officer of the Corporation and a member of management until February 15, 2007, is also considered to be a non-independent director.</p> <p>In the case of Mr. Bret Clayton, the Board noted his 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'</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
	<p>agreement between Rio Tinto and Mr. Robert Friedland, Executive Chairman of the Corporation, each dated October 18, 2006. The Board concluded that such relationship was a “material relationship” within the meaning of the applicable provisions of the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules, and accordingly considers Mr. Clayton to be a non-independent nominee director.</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% or seven of the 12 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>The directors of the Corporation have reviewed the size of the Board and believe that the current Board size and composition results in a balanced representation on the Board among management, 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 additional qualified candidates 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. The Corporate Governance and Nominating Committee will continue to examine the size and composition of the Board and recommend adjustments from time to time to ensure that the Board continues to be of a size that facilitates effective decision-making. During 2006, two Directors were added to the Board. Mr. David Korbin, who is qualified to be an Audit Committee financial expert, joined the Board in May, 2006, and Mr. Tom Albanese, an executive officer of Rio Tinto, became a member of the Board in November, 2006. There are currently 12 Directors on the Board. The maximum number permitted under the Corporation’s articles of incorporation is 12.</p>
<p>(d) If a director is presently a director of any 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>All directorships with other public entities for each 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) 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>The Board sets aside a portion of each regularly scheduled meeting to discuss any issues without management Directors being present. In addition, all committees 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</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
	<p>management.</p> <p>There were seven such Board meetings and four such meetings of each of the Corporate Governance and Nominating and Audit Committees and five such meetings of the Compensation and Benefits Committee held in 2006.</p> <p>In addition, between each regularly scheduled Board meeting, a meeting of non-management Directors, chaired by the Lead Director, is held by teleconference to update the non-management Directors on developments since the last Board meeting. Five such meetings were held in 2006. Mr. Peter Meredith, Deputy Chairman of the Corporation, has periodically been invited to attend these meetings in order to brief the non-management Directors on recent developments.</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>(f) 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>(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>The Board held seven meetings in the 2006 financial year and the Corporate Governance and Nominating Committee and the Audit Committee each met four times and the Compensation and Benefits Committee met five times during the year. A record of attendance by Director(s) at meetings 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, 2006, is set out next to each individual's name under the heading "Election of Directors – Management Nominees" in this Circular.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
<p>2. Board Mandate –</p> <p>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 (www.ivanhoe-mines.com). A copy may also be obtained upon request to the Vice President and Corporate Secretary of the Corporation, Suite 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 in November 2006 and will be 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. 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 provided with the opportunity 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 obligations as directors.</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 the responsibilities of directors.</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. Directors are also encouraged to make site visits to the Corporation's properties.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
<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. The Corporation's Code of Business Conduct and Ethics has been filed on SEDAR and is available on the Corporation's website (www.ivanhoe-mines.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.</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 and reviewed it.</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 favor of a Director or executive officer. Accordingly, no material change report has been required or filed.</p>
<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.</p>	<p>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.</p>
<p>(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Corporation has published a Statement of Values and Responsibilities. It has also developed various corporate policies including Corporate Disclosure, Confidentiality and Securities Trading policies, and a Whistleblower Policy, administered by an independent third party.</p> <p>The Corporation conducts education programs for its personnel dealing with matters of corporate ethics and best practices.</p> <p>During 2006 the Corporate Governance and Nominating Committee met with the Corporation's CEO and CFO to discuss corporate ethics and best</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
	practices and were satisfied that they are a focus of the CEO, CFO and throughout the Corporation's international operations.
<p>6. Nomination of Directors –</p> <p>(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, Hanson, Weatherall, Thygesen, Faber, Korbin and Balloch all of whom 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 Committee annually assesses the current competencies and characteristics represented on the Board and utilizes 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> <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 27.0% 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 9.92% 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 greater representation of independent directors and has determined to continue to seek, through its Corporate Governance and Nominating Committee, additional qualified candidates to augment its experience and expertise and to enhance the Corporation's ability to effectively develop</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
	<p>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 (www.ivanhoe-mines.com). A copy may also be obtained upon request to the Corporate Secretary, 654 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1, telephone (604) 688-5755.</p>
<p>7. Compensation –</p> <p>(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 May 1, 2007, all non-management directors will receive Cdn.\$25,000 per annum for acting as such (prior thereto, Cdn\$15,000). Mr. David Huberman receives an additional Cdn.\$60,000 per annum for acting as the Lead Director of the Board. Mr. John Weatherall, as Chair of the Audit Committee, receives an additional Cdn.\$25,000 per annum, for acting in such capacity. Commencing in 2006 each Chair of the Compensation and Benefits Committee and the Corporate Governance Committee receives an additional payment of Cdn.\$15,000 per annum for acting as such. Effective March 9, 2007, non-management directors will also receive Cdn.\$1,500 per in-person Board or Committee meeting attended (prior thereto, Cdn.\$1,200) and U.S.\$600 per Board or Committee conference call in which they participate.</p> <p>In addition to their cash compensation, non-executive directors (other than the nominee of Rio Tinto in accordance with Rio Tinto's corporate policy) also receive a grant of 25,000 stock options per annum, such options having a five 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</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
	committee serve as CEOs or senior executive officers of other public corporations.
<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 to determine any bonuses to be awarded. Commencing in 2007, the committee will conduct 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 being met.</p> <p>The members of the Compensation and Benefits Committee are Messrs. Huberman (Chair), Thygesen, Hanson, Korbin and Balloch. 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 (www.ivanhoemines.com). A copy may also be obtained upon request to the Vice President and Corporate Secretary, Suite 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 were 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 & Associates were 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 & Associates' fee for the reports was Cdn\$39,697.</p> <p>Towers Perrin were retained in 2006 by the Compensation and Benefits Committee to prepare a report on industry standards and best practices relating</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
	<p>to “change of control” provisions in executive employment agreements. Towers Perrin’s fee for this report was Cdn.\$10,788.</p> <p>None of the compensation consultants or advisors retained by the Compensation and Benefits Committee have 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.</p> <p>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 U.S.\$10,000,000.</p> <p>In November, 2006 the Board also approved the establishment of a Currency Advisory Committee, consisting of the Chairman of the Audit Committee and each of Mr. Peter Meredith (the Corporation’s Deputy Chairman) and its CFO, to make recommendations to the CFO on managing the Corporation’s currency exposures and to report to the Board on a quarterly basis.</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 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>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 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 three 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</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
	<p>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 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 will meet with each Director to discuss individual and Board performance, and report the overall results to the Board of Directors.</p> <p>The Corporate Governance and Nominating Committee intends 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.

SCHEDULE "B"

EQUITY INCENTIVE PLAN RESOLUTION

BE IT RESOLVED, as an ordinary resolution, that:

1. the Amended and Restated Incentive Stock Option Plan of the Corporation (the "Amended and Restated Incentive Plan"), as described in, and attached as Schedule C to, the Management Information Circular of the Corporation dated March 22, 2007 which:
 - (a) increases the aggregate number of Common Shares which the Corporation may issue or reserve for issuance under the Incentive Plan, by 5,000,000 Common Shares, from 32,000,000 Common Shares to 37,000,000 Common Shares;
 - (b) increases the maximum number of Common Shares which the Corporation may issue under the Bonus Plan component of the Incentive Plan by 1,500,000 Common Shares, from 2,000,000 Common Shares to 3,500,000 Common Shares; and
 - (c) incorporates the amendments indicated in the form of Employees' and Directors' Equity Incentive Plan attached to this Circular as Schedule C;be and is hereby approved; and
2. any director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to this resolution.

SCHEDULE C

IVANHOE MINES LTD.

EMPLOYEES' AND DIRECTORS' EQUITY INCENTIVE PLAN

AMENDED AND RESTATED

~~MAY 10, 2005, AUGUST 10, 2005 and MAY 12, 2006~~

MAY 11, 2007

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 directors and employees 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) ~~(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) ~~(b)~~—"Associate" has the meaning assigned to it in the *Ontario Securities Act*, as amended.
- (c) ~~(c)~~—"Board" means the board of directors of the Company.
- (d) ~~(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) ~~(d)~~—"Company" means Ivanhoe Mines Ltd., a company continued under the laws of the Yukon Territory.
- (f) ~~(e)~~—"Committee" has the meaning attributed thereto in Section ~~6.4~~6.1.
- (g) ~~(f)~~—"Eligible Directors" means the directors of the Company or any Affiliate thereof who are, as such, eligible for participation in the Plan.
- (h) ~~(g)~~—"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)** ~~(h)~~—"**Fair Market Value**" means, with respect to a Share subject to Option, the 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)** ~~(i)~~—"**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)** ~~(j)~~—"**Option**" means an option granted under the terms of the Share Option Plan.
- (l)** ~~(k)~~—"**Option Period**" means the period during which an Option is outstanding.
- (m)** ~~(l)~~—"**Optionee**" means an Eligible Employee or Eligible Director to whom an Option has been granted under the terms of the Share Option Plan.
- (n)** ~~(m)~~—"**Participant**" means, in respect of any Plan, an Eligible Employee or Eligible Director who participates in such Plan.
- (o)** ~~(n)~~—"**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)** ~~(o)~~—"**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)** ~~(p)~~—"**Share Bonus Plan**" means the plan established and operated pursuant to Part 3 and Part 5 hereof.
- (r)** ~~(q)~~—"**Share Option Plan**" means the plan established and operated pursuant to Part 2 and Part 5 hereof.
- (s)** ~~(r)~~—"**Share Purchase Plan**" means the plan established and operated pursuant to Part 4 and Part 5 hereof.
- (t)** ~~(s)~~—"**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. ~~When the grant is authorized, or unless a later date is otherwise determined by the Board, the~~ 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 five 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 may be exercised (in each case to the nearest full Share) during the Option Period as follows:

- (a) at any time during the first year of the Option Period, the Optionee may purchase up to 20% of the total number of Shares reserved for issuance pursuant to his or her Option; and
- (b) at any time during each additional year of the Option Period the Optionee may purchase an additional 20% 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) until, in the fifth 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. 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 Share Appreciation Right

A Participant may, if at any time determined by the Board, on the recommendation of the Committee, have the right (the "Right"), when entitled to exercise an Option, to terminate such Option in whole or in part (the "Terminated Option") by notice in writing to the Company 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 Right is granted in connection with an Option, it is exercisable only to the extent and on the same conditions that the related Option is exercisable. For greater certainty, for purposes of the aggregate number of shares reserved for issuance under Section 5.1 of the Plan, in the event of an exercise of a Right in respect of an Option, the number of Shares available for issuance under the Plan will be reduced by the number of Shares to which the Terminated Option relates rather than the number of Shares issued upon exercise of the Right in respect of such Option.

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 ~~2,000,000~~ 3,500,000 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 ~~2,000,000~~ 3,500,000 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.

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 the Plan shall not exceed ~~32,000,000~~37,000,000 Shares inclusive of those Shares reserved under the Share Bonus Plan pursuant to Section 3.2. In addition, the aggregate number of Shares:

- (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 as of the date that any Shares are issued or reserved for issuance pursuant to an award under the Plan to an Insider or such Insider's Associates, excluding any Shares issued under the Plan during the immediately preceding 12 month period.

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 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 may amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board, subject to the approval of any material changes by The Toronto Stock Exchange or such other exchange or exchanges on which the Shares are traded. However, any amendment of such Plan which would:~~

- ~~(a) materially increase the benefits under the Plan;~~

- (b) — materially increase the number of Shares issuable under the Plan; or
- (c) — materially modify the requirements as to eligibility for participation in the Plan;

shall be effective only upon the approval of the shareholders of the Company and, if required, the approval of any regulatory body having jurisdiction over the Shares and any stock exchanges on which the Shares are then listed for trading. Except as expressly otherwise provided herein, however, no change in an award already granted under the Plan shall be made without the written consent of the recipient of such award.

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 share appreciation 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 number of Shares specified in subsection 5.1 (being the aggregate number of Shares that may be reserved for issuance under the Plan) other than pursuant to section 2.11;
 - (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); or
 - (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; and

- (vi) 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.