



# Notice of Annual General Meeting of Shareholders and Management Proxy Circular of Ivanhoe Mines Ltd.

Dated: March 30, 2016

# IVANHOE MINES LTD.

654 – 999 Canada Place  
Vancouver, BC V6C 3E1  
Telephone: 604-688-6630 Fax: 604-682-2060

## Notice of Annual General Meeting of Shareholders May 19, 2016

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Shareholders of **IVANHOE MINES LTD.** (the “**Company**”) will be held in the Princess Louisa Suite at the Fairmont Waterfront Hotel, 900 Canada Place Way, Vancouver, British Columbia on Thursday, May 19, 2016, at 8:00 AM (Pacific time) (the “**Meeting**”) for the following purposes:

1. to receive the Company’s audited financial statements for the financial year ended December 31, 2015 and the auditors’ report thereon;
2. to set the number of directors at eight (8) for the ensuing year;
3. to elect directors for the ensuing year;
4. to re-appoint PricewaterhouseCoopers Inc., Chartered Accountants, as auditors for the ensuing year and to authorize the directors to fix the auditors’ remuneration; and
5. to transact such other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

The board of directors has fixed March 24, 2016 as the record date for the determination of shareholders entitled to notice of, and to vote at, this Meeting and at any adjournment(s) or postponement(s) thereof.

A Management Proxy Circular accompanies this Notice. The Management Proxy Circular contains details of the matters to be considered at the Meeting.

### Notice-and-Access

The Company is utilizing the notice-and-access mechanism (the “**Notice-and-Access Provisions**”) under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of Meeting materials to registered and beneficial shareholders.

### Website Where Meeting Materials are Posted

The Notice-and-Access Provisions are a set of rules that allow reporting issuers to post electronic versions of proxy-related materials and annual financial statements (including management proxy circulars) on-line, via the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and one other website, rather than mailing paper copies of such materials to shareholders. Electronic copies of the Management Proxy Circular, the annual audited consolidated financial statements of the Company for the year ended December 31, 2015 (“**Financial Statements**”) and management’s discussion and analysis of the Company’s results of operations and financial condition for the year ended December 31, 2015 (“**MD&A**”) may be found on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com) and the Company’s website at [www.ivanhoemines.com](http://www.ivanhoemines.com). The Company will not use the procedures known as “stratification” in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the Management Proxy Circular to some shareholders with the notice package.

## **Obtaining Paper Copies of Materials**

The Company anticipates that using the Notice-and-Access Provisions for delivery will directly benefit the Company through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials. Shareholders with questions about the Notice-and-Access Provisions can call the Company's transfer agent, CST Trust Company, toll-free at 1-888-433-6443. Shareholders may also obtain paper copies of the Management Proxy Circular, Financial Statements and MD&A free of charge by contacting CST Trust Company at the same toll-free number or upon request to the Company's Vice President, Compliance and Corporate Secretary at 1-604-688-6630 (which is not a toll-free number).

A request for paper copies which are required in advance of the Meeting should be sent so that the request is received by the Company or CST Trust Company, as applicable, by 8:00 AM (Pacific time) on Thursday, May 12, 2016 in order to allow sufficient time for shareholders to receive the paper copies and to return their proxies or voting instruction forms to intermediaries not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, British Columbia) prior to the time set for the Meeting or any adjournments or postponements thereof.

## **Voting**

A proxy form is enclosed herewith. Registered shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed proxy form to CST Trust Company in accordance with the instructions set out on the proxy form and in the Management Proxy Circular. If you are voting your shares by proxy, the Company's transfer agent, CST Trust Company, must receive your completed proxy form by 8:00 AM (Pacific time) on Tuesday, May 17, 2016, or 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, British Columbia) before any adjournment(s) or postponement(s) of the Meeting.

Non-registered shareholders receiving these materials through their broker or other intermediary should complete and return the voting instruction form provided to them by their broker or other intermediary in accordance with the instructions provided therein, or otherwise follow the instructions provided by their broker or other intermediary.

**SHAREHOLDERS ARE REMINDED TO REVIEW THE MANAGEMENT PROXY CIRCULAR BEFORE VOTING.**

**DATED** at Vancouver, British Columbia, this 30<sup>th</sup> day of March, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Mary Vincelli"*

---

Mary Vincelli

Vice President, Compliance and Corporate Secretary

## TABLE OF CONTENTS

SOLICITATION OF PROXIES .....	1
MEETING MATERIALS .....	1
APPOINTMENT OF PROXYHOLDERS .....	2
REVOCATION OF PROXIES .....	2
EXERCISE OF DISCRETION .....	3
VOTING BY NON-REGISTERED SHAREHOLDERS .....	3
VOTES NECESSARY TO PASS RESOLUTIONS .....	4
INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON .....	5
VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES .....	5
STATEMENT OF EXECUTIVE COMPENSATION .....	6
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS .....	6
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....	12
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	12
MANAGEMENT CONTRACTS .....	12
CORPORATE GOVERNANCE DISCLOSURE .....	12
ADDITIONAL INFORMATION .....	13
1. ELECTION OF DIRECTORS .....	14
2. APPOINTMENT OF AUDITORS .....	16
OTHER BUSINESS .....	16
DIRECTORS' APPROVAL .....	16
SCHEDULE 1 – DIRECTOR TABLES .....	S1-1
SCHEDULE 2 – STATEMENT OF EXECUTIVE COMPENSATION .....	S2-1
SCHEDULE 3 – CORPORATE GOVERNANCE DISCLOSURE .....	S3-1

**IVANHOE MINES LTD.**  
**Suite 654 – 999 Canada Place**  
**Vancouver, British Columbia V6C 3E1**  
**Telephone: 604-688-6630 Fax: 604-682-2060**

**MANAGEMENT PROXY CIRCULAR**

**SOLICITATION OF PROXIES**

This Management Proxy Circular is furnished in connection with the solicitation of proxies by the management of IVANHOE MINES LTD. (“Ivanhoe” or the “Company”) for use at the Annual General Meeting (the “Meeting”) of its shareholders to be held on May 19, 2016, at the time and place and for the purposes set forth in the accompanying Notice of Meeting. Unless otherwise stated, this Management Proxy Circular contains information as at March 30, 2016.

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

The board of directors of the Company (the “**Board**”) has fixed the close of business on March 24, 2016 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**”). Shareholders who acquire Class A common shares (“**Class A Shares**” or “**Common Shares**”) following the Record Date will not be entitled to notice of, or to vote at, the Meeting, unless the transferee produces a properly endorsed share certificate for, or otherwise establishes ownership of, any of the transferred Class A Shares and makes a demand to CST Trust Company no later than ten (10) days before the Meeting that the transferee’s name be included in the list of shareholders in respect thereof.

All references to “\$” in this Management Proxy Circular mean U.S. dollars unless otherwise indicated. References to “Cdn\$” mean Canadian dollars.

**MEETING MATERIALS**

**Notice-and-Access**

The Company has decided to use the notice and access mechanism (the “**Notice-and-Access Provisions**”) under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) for the delivery of this Management Proxy Circular, the annual audited consolidated financial statements of the Company for the year ended December 31, 2015 (“**Financial Statements**”) and management’s discussion and analysis of the Company’s results of operations and financial condition for the year ended December 31, 2015 (“**MD&A**”) (collectively, the “**Meeting Materials**”) to shareholders for the Meeting. Ivanhoe adopted this alternative means of delivery in order to further its commitment to environmental sustainability and to reduce its printing, materials and mailing costs.

Under the Notice and Access Provisions, instead of receiving printed copies of the Meeting Materials, shareholders will receive a notice (“**Notice**”) with information on the Meeting date, location and purpose, as well as information on how they may access the Meeting Materials electronically and how they may vote.

The Company will not use the procedures known as “stratification” in relation to the use of Notice-and-Access Provisions meaning that all shareholders will receive a Notice in accordance with the Notice-and-Access Provisions.

**Requesting Printed Meeting Materials**

Shareholders can request that printed copies of the Meeting Materials be sent to them by postal delivery at no cost to them up to one year after the date this Management Proxy Circular was filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) by calling the Company’s transfer agent, CST

Trust Company, toll-free at 1-888-433-6443 or the Company's Vice President, Compliance and Corporate Secretary at 1-604-688-6630 (which is not a toll-free number).

Shareholders can also request paper copies in advance of the Meeting, the full details of which are set out on the accompanying Notice of Meeting under the heading "*Obtaining Paper Copies of Materials*".

## **APPOINTMENT OF PROXYHOLDERS**

The individuals named in the accompanying proxy form are directors and/or officers of the Company. **A shareholder may appoint, as proxyholder or alternate proxyholder, a person or persons other than any of the persons designated in the accompanying proxy form, and may do so either by inserting the name or names of such persons in the blank space provided in the accompanying proxy form or by completing another suitable proxy form.**

An appointment of a proxyholder or alternate proxyholder will not be valid unless a proxy form making the appointment, signed by the shareholder or by an attorney of the shareholder authorized in writing, is deposited with CST Trust Company:

- (a) by facsimile to 1-866-781-3111 (toll free in Canada and the United States) or 1-416-368-2502 (outside Canada and the United States),
- (b) by mail to P.O. Box 721, Agincourt, Ontario, M1S 0A1,
- (c) by email to [proxy@canstockta.com](mailto:proxy@canstockta.com) (French language proxies to be sent to [procuration@canstockta.com](mailto:procuration@canstockta.com)),
- (d) 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,
- (e) by telephone at 1-888-489-5760 (toll free in Canada and the United States) from a touch tone phone, or
- (f) by Internet voting as described below,

and, in each case, must be received by CST Trust Company not later than 8:00 AM (Pacific time) on Tuesday, May 17, 2016, or 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, British Columbia) before the Meeting or any adjournment(s) or postponement(s) thereof, at which the proxy form is to be used.

In order to vote by Internet, you must have the proxy form you received available and access the website at <http://www.cstvotemyproxy.com>. You will be prompted to enter the 13-digit Control Number, which is located on the reverse side of the proxy form that you will have received.

If your shares are held in "street name" (meaning through a broker or other nominee name) for your account, your broker or other nominee will advise you whether you may vote through the Internet. A number of banks and brokerage firms participate in programs that permit their clients to vote their shares through the Internet.

## **REVOCATION OF PROXIES**

A shareholder who has given a proxy may revoke it:

- (a) by voting again by telephone, email or on the Internet before 8:00 AM (Pacific time) on Tuesday, May 17, 2016;
- (b) by completing a proxy form that is dated later than the proxy form you are changing, and mailing it to CST Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or by facsimile to 1-866-781-3111, so that it is received before 8:00 AM (Pacific time) on Tuesday, May 17, 2016;

- (c) by sending a notice in writing from the shareholder or the shareholder's authorized attorney (or, if the shareholder is a corporation, by a duly authorized officer) revoking the proxy, to the Vice President, Compliance and Corporate Secretary of the Company so that it is received before 8:00 AM (Pacific time) on Tuesday, May 17, 2016; or
- (d) by giving a notice in writing from the shareholder or the shareholder's authorized attorney (or, if the shareholder is a corporation, by a duly authorized officer) revoking your proxy to the chair of the Meeting, at the Meeting.

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

## EXERCISE OF DISCRETION

On a poll, the nominees named in the accompanying proxy form will vote, or withhold from voting or vote against (as applicable), the Class A Shares represented thereby in accordance with the instructions of the shareholder that submitted the proxy. The proxy form confers discretionary authority on the nominees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the proxy form, the nominees named in the accompanying proxy form will vote the Class A Shares represented by the proxy form at their own discretion, except where Management recommends that shareholders vote in favour of a matter, in which case the nominees will vote FOR the approval of such matter.**

As of the date of this Management Proxy Circular, management of the Company knows of no amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting, each nominee named in the accompanying proxy form intends to vote thereon in accordance with the nominee's best judgment or as stated above.

## VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered holders of Class A Shares ("**Registered Shareholders**") of the Company or the persons they appoint as their proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders ("**Non-Registered Shareholders**") because the Class A 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 Class A Shares or through which the Class A Shares are held. Class A Shares beneficially owned by a Non-Registered Shareholder are registered either:

- (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of the Class A Shares of the Company (Intermediaries include, among others, banks, trust companies, securities dealers, securities brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or
- (b) in the name of a clearing agency (such as CDS Clearing and Depositary Services Inc.) of which the Intermediary is a participant.

Pursuant to NI 54-101, the Company has distributed copies of the Meeting Materials to Non-Registered Shareholders indirectly through Intermediaries using the Notice and Access Provisions. The Company is not using the Notice and Access Provision to send Meeting Materials directly to Non-Registered Shareholders, nor does the Company intend to pay for the cost of intermediaries to deliver the Meeting Materials to beneficial owners of Class A Shares who have objected to an intermediary disclosing their beneficial ownership information ("**OBOs**"). As a result, OBOs will only receive the Meeting Materials if the OBO's intermediary assumes the cost of delivery.

Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. The Company will pay the fees and cost of the Intermediaries for their services in delivering 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 when it votes. 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 proxy form accompanied by a page of instructions, which contains a removable label with a bar code and other information. In order for the proxy form to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the proxy form, properly complete and sign the proxy form 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 proxy form which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Class A Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the proxy form, this proxy form is not required to be signed by the Non-Registered Shareholder when submitting the proxy form. In this case, the Non-Registered Shareholder who wishes to submit a proxy form should properly complete the proxy form and deposit it with the Company, c/o CST Trust Company, Suite 1600, The Oceanic Plaza, 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 Class A Shares 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 proxy form and insert the Non-Registered Shareholder's name or such other person's name in the blank space provided. **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 proxy or voting instruction form given to an Intermediary by contacting the Intermediary through which the Non-Registered Shareholder's Class A Shares 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 or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

## **VOTES NECESSARY TO PASS RESOLUTIONS**

Pursuant to the Articles of Continuation (the “**Articles**”) of the Company, a quorum for the transaction of business at any meeting of shareholders is at least two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued Class A Shares entitled to be voted at the Meeting.

Pursuant to the *Business Corporations Act* (British Columbia) (“**BCBCA**”) and the Articles, a simple majority of the votes cast at the Meeting (by person or proxy) is required to pass an ordinary resolution and a majority two-thirds of the votes cast at the Meeting (by person or proxy) is required to pass a special resolution.

At the Meeting, shareholders will be asked to consider and, if thought advisable, to: (i) pass an ordinary resolution to set the number of directors of the Board at eight (8); (ii) pass an ordinary resolution to elect directors to the Board; and (iii) pass an ordinary resolution to re-appoint auditors for the ensuing year and authorize the directors to fix their remuneration.



## INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

The Company is unaware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Company or is a proposed nominee for election as a director of the Company (or an associate or affiliate of such director, director nominee or executive officer) at any time since the beginning of the Company's last financial year in any matter to be acted upon at the Meeting, other than the election of directors.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company has an authorized share capital consisting of an unlimited number of Class A Shares without par value, an unlimited number of Class B Common shares ("**Class B Shares**") without par value and an unlimited number of Preferred shares without par value. The holders of Class A Shares are entitled to receive notice of, and to attend all meetings of, Ivanhoe shareholders and to have one vote for each Common Share held, except to the extent specifically limited by the BCBCA.

As of March 30, 2016 the Company had outstanding (i) 778,959,807 fully paid and non-assessable Class A Shares without par value. As of such date, there were no Class B Shares or Preferred shares issued and outstanding.

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

- (a) the shareholder has transferred the ownership of any Class A Shares after the Record Date; and
- (b) the transferee produces a properly endorsed share certificate for, or otherwise establishes ownership of, any of the transferred Class A Shares and makes a demand to CST Trust Company no later than ten (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 Company's directors and executive officers, as at March 30, 2016:

- (a) the only persons who beneficially own, or control or direct, directly or indirectly, Class A Shares carrying 10% or more of the voting rights attached to all outstanding Class A Shares of the Company, and the approximate number of Class A Shares so owned, controlled or directed, and the percentage of voting shares of the Company represented by such shares; and
- (b) the aggregate share ownership by the current directors and executive officers of the Company as a group;

are as follows:

Name and Address of Beneficial Owner	Number of Voting Shares Beneficially Owned	Percentage of Voting Shares Outstanding
Robert M. Friedland 150 Beach Road #25-03 The Gateway West Singapore 189720	167,710,781 <sup>(1)(2)</sup>	21.53%
Directors and Executive Officers as a group	176,407,069 <sup>(1)(3)</sup>	22.65%

### Notes:

- <sup>(1)</sup> Beneficial ownership is determined in accordance with applicable securities laws and generally includes voting or investment power with respect to securities.

- (2) Includes 135,335,035 issued Class A Shares held indirectly through Newstar Securities SRL, Horizon Holdings Capital Inc. and Evershine Securities Ltd., companies beneficially owned and controlled by Mr. Friedland and 32,375,746 issued Class A Shares held directly by Mr. Friedland. Mr. Friedland also has the right to acquire 925,000 unissued Class A Shares that are exercisable under incentive stock options. Those options are currently exercisable into Class A Shares within 60 days and may therefore be deemed outstanding for certain purposes under securities laws, and are in addition to the Class A Shares reported in the table above. This does not include 1,750,000 unissued Class A Shares issuable upon the vesting of restricted share units on December 15, 2016.
- (3) One director, Mr. Friedland, and certain executive officers also have the right to acquire an aggregate of 6,262,500 unissued Class A Shares that are exercisable under incentive stock options. Those options are currently exercisable into Class A Shares within 60 days and may therefore be deemed outstanding for certain purposes under securities laws, and are in addition to the Class A Shares reported in the table above. This does not include unissued Class A Shares issuable upon the vesting of restricted share units on December 15, 2016.

## STATEMENT OF EXECUTIVE COMPENSATION

The executive compensation disclosure is provided in Schedule 2.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity participation is accomplished through the Company's Amended and Restated Employees' and Directors' Equity Incentive Plan dated May 5, 2014 (the "**Equity Incentive Plan**"). The Company also established its RSU Plan (as defined herein) in 2015, which provides for the issuance of Class A Shares upon the vesting of restricted share units. Prior to the adoption of the Equity Incentive Plan, options were granted to certain directors, officers, employees and consultants pursuant to Option Agreements.

The following information is as at March 30, 2016:

Plan Category	Number of securities to be issued upon exercise of outstanding options, RSUs and rights (a)	Weighted-average exercise price of outstanding options, and rights <sup>(3)</sup> (b)	Number of securities remaining available for future issuance under equity compensation plans <sup>(1)(2)</sup>
Equity compensation plans approved by the securityholders	36,572,081	\$1.13	37,723,899
Equity compensation plans not approved by the securityholders	3,600,000	\$3.00	Nil
Total	40,172,081	\$1.33	37,723,899

### Notes:

- (1) Excludes bonus shares and the Purchase Plan.
- (2) Includes Class A Shares issuable upon vesting of RSUs.
- (3) Does not include RSUs.

## Summary of the Equity Incentive Plan

### Purpose

Pursuant to the Equity Incentive Plan, the Board may from time to time, grant to eligible participants: (i) non-transferable options; (ii) Class A Shares by way of a bonus-in-kind; and (iii) the right to participate in a common share purchase plan (the "**Purchase Plan**"). The purpose of the Equity Incentive Plan is to secure for the Company and its shareholders the benefits of incentives inherent in share ownership by the employees and directors of the Company and its affiliates who, in the judgment of the Board, will be largely responsible for the Company's future growth and success. Eligible participants include directors, employees and service providers of the Company and any of its affiliates.

### *Limits of Issuance*

The aggregate number of Class A Shares that may be reserved for issuance as options under the Equity Incentive Plan (excluding those allocated for issuance as bonus shares and under the Purchase Plan, as described below), together with any other security based compensation arrangements of the Company outstanding from time to time, shall not exceed 10% of the issued and outstanding Class A Shares from time to time. The Equity Incentive Plan is a “rolling plan” and, in accordance with the rules of the Toronto Stock Exchange (the “TSX”) options that have been cancelled, have expired or have been exercised will be available to be re-granted under the Equity Incentive Plan and, will not reduce the aggregate number of Class A Shares that may be subject to issuance under the Equity Incentive Plan.

### *Insider Participation Limit*

The aggregate number of Class A Shares (together with any other securities-based compensation arrangements of the Company in effect from time to time): (i) that may be reserved for issuance to insiders under the Equity Incentive Plan (or when combined with all of the Company's other security based compensation arrangements) shall not exceed 10% of the outstanding Class A Shares from time to time; (ii) that may be issued to insiders under the Equity Incentive 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 Class A Shares from time to time; and (iii) that may be issued to any one insider and his or her associates under the Equity Incentive Plan within any one-year period shall not exceed 5% of the Company's outstanding Class A Shares from time to time.

### *Options Terms and Exercise Price*

The Board may at any time authorize the granting of options to such eligible participants as it may select, for the number of Class A Shares that it shall designate subject to the provisions of the Equity Incentive Plan. The term of any options granted 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 Compensation and Human Resources Committee of the Board, may determine at the date of grant), provided that if the expiry date should be determined to occur during a “blackout period” or within ten days following the expiry of such a period, the expiry date of such option shall be deemed to be the tenth business day following expiry of the blackout period. Each option shall have an exercise price equal to the weighted average price of the Class A Shares on the TSX for the five days on which the Class A Shares were traded immediately preceding the date of grant and have a term of five years from the date such option is granted or such greater or lesser duration as the Board may determine at the date of grant.

### *Option Vesting*

Unless otherwise determined by the Board, options shall vest (in each case to the nearest full Class A Share) in four equal parts, representing 25% of the options, commencing on the one year anniversary of the date of grant and on each of the three anniversaries thereafter.

### *Alternative Exercise*

Eligible participants may elect to, in lieu of the exercise of an option, receive that number of Class A Shares which is equal to the quotient obtained by: (i) subtracting the option exercise price per Class A Share from the weighted average price of the Class A Shares on the TSX for the five days immediately preceding the date of such election and multiplying that amount by the number of Class A Shares issuable on exercise of the options subject to election; and (ii) dividing the product obtained from (i) by the weighted average price of the Class A Shares on the TSX for the five trading days immediately preceding the date of such election.

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

Unless otherwise determined by the Board, if an eligible participant ceases to be employed by, or act as, a director of the Company or its affiliate: (i) as a result of death, any option held by such eligible participant at the date of death shall be exercisable only to the extent that the eligible participant was entitled to exercise the option at the date of their death and only for 12 months after such date or the expiration of the option, whichever is sooner; (ii) for any reason other than death or cause, any option

held by such eligible participant at the effective date thereof shall become exercisable, only to the extent that the eligible participant was entitled to exercise the option at the date, for a period of up to 90 days thereafter or the expiration of the option, whichever is sooner; or (iii) for cause, no option held by such eligible participant will be exercisable following the date on which such eligible participant ceased to be employed or to be a director, as the case may be.

#### *Loans to Employees*

Subject to applicable law, the Board may at any time authorize the Company to loan money to an eligible participant (excluding any director or executive officer or equivalent thereof), on such terms and conditions as the Board may reasonably determine, to assist such eligible participant to exercise an option held by them.

#### *Bonus Class A Share Issuances*

The Board shall have the right to issue or reserve for issuance, for no cash consideration, to any eligible participant, any number of Class A Shares as a discretionary bonus subject to such provisos and restrictions as the Board may determine. The aggregate maximum number of Class A Shares that may be issued in the form of a bonus will be limited to 5,000,000 Class A Shares (equal to 0.64% of the Class A Shares issued and outstanding), of which 2,868,308 Class A Shares have been issued in the form of bonus shares.

#### *Purchase Plan*

Eligible participants who have been continuously employed by the Company or any of its affiliates on a full-time basis for at least 12 consecutive months may, at the Board's discretion, contribute an amount equal to not more than 10% of their base salary towards the purchase of Class A Shares. In addition to the amount contributed by the eligible participant, the Company will contribute an additional amount determined by the Board, which shall not exceed the amount contributed by the eligible participant. On March 31, June 30, September 30 and December 31 in each calendar year the Company will issue to each contributing eligible participant that number of Class A Shares, rounded down to the nearest whole Class A Share, which is equal to the aggregate amount of the eligible participant's contribution and the Company's contribution divided by the weighted average price of the shares on the TSX for the 90-day period immediately preceding the date of issuance. The aggregate maximum number of shares that may be issued pursuant to this Purchase Plan will be limited to 3,000,000 Class A Shares.

If an eligible 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, any amounts contributed by the eligible participant but not yet applied to the purchase of Class A Shares shall be paid to the eligible participant or their estate or successor as the case may be.

To date, the Board has not made the Purchase Plan available for participation by its eligible employees.

#### *Amendments*

The Board may amend the terms of the Equity Incentive Plan without shareholder approval, including for the purposes of: changes of a clerical or grammatical nature; changes regarding the persons eligible to participate in the Equity Incentive Plan; changes to the exercise price, vesting, term and termination provisions of options; changes to the cashless exercise right provisions; changes to the share bonus plan provisions (other than the maximum number of Class A Shares issuable under the bonus share plan); changes to the authority and role of the Compensation and Human Resources 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 Equity Incentive Plan and the options and awards granted thereunder; except in those circumstances set forth in the Equity Incentive Plan as requiring shareholder approval and as required by applicable securities regulatory authorities or any stock exchange upon which the Class A Shares are then listed.

## Securities Issued and Unissued under the Equity Incentive Plan

As at March 30, 2016, there are 778,959,807 Class A Shares of the Company issued and outstanding. Pursuant to the Equity Incentive Plan and based on the current outstanding Class A Shares of the Company, Class A Shares reserved for issuance under the Equity Incentive Plan would be as follows:

	Number of Class A Shares	% of Issued and Outstanding Class A Shares <sup>(4)</sup>
Class A Shares reserved for future issuance pursuant to issued and unexercised options under the Equity Incentive Plan <sup>(1)</sup>	29,295,000	3.76%
Unissued Class A Shares available for future option grants under the Equity Incentive Plan <sup>(2)(5)</sup>	37,723,899	4.84%
Maximum number of Class A Shares available for issuance under the Equity Incentive Plan <sup>(3)</sup>	67,018,899 <sup>(5)</sup>	8.60% <sup>(6)</sup>

### Notes:

- (1) Excludes 3,600,000 Class A Shares reserved for future issuance pursuant to issued and unexercised options under the Option Agreements.
- (2) Calculated as the difference between the maximum number of Class A Shares available for issuance under the Equity Incentive Plan and the sum of all Class A Shares reserved for future issuance pursuant to issued and unexercised options under the Equity Incentive Plan and the Option Agreements (as described in Note (1) above).
- (3) Excluding the bonus shares and the Purchase Plan
- (4) Based on 778,959,807 outstanding Class A Shares of the Company.
- (5) This number is reduced by 7,277,081 RSUs issued to date and 3,600,000 Class A Shares issuable pursuant to issued and unexercised options under the Option Agreements.
- (6) The aggregate number of Class A Shares that may be reserved for issuance under the Equity Incentive Plan, together with any other securities based compensation arrangement of the Company in effect from time to time, in this case the RSU Plan and the Option Agreements, shall not exceed 10% of the issued and outstanding Class A Shares from time to time.

## Option Agreements

Each of the options issued under an Option Agreement has a term of five years from the date of the grant. Options vest over a four year period. Upon issuance, 20% of the options issued vest immediately and the remaining portion vest on the anniversary date of the date of grant each year thereafter at the rate of 20% per annum over the four-year period. The Board has also authorized the holders of options to utilize alternative exercise rights in a manner substantially the same as that applicable under the Equity Incentive Plan.

## Summary of the Restricted Share Unit Plan

### *Purpose*

Pursuant to the Restricted Share Unit Plan (the “**RSU Plan**”), the Board may, from time to time, grant to eligible participants unit awards, with each unit award granted entitling an eligible participant to receive one (1) restricted share unit (“**RSU**”). Each RSU represents the right of an eligible participant to receive one (1) Class A Share or a cash payment equal to the equivalent thereof. The purpose of the RSU Plan is to secure for the Company and its shareholders the benefits of incentives inherent in share ownership by the employees and directors of the Company and its affiliates who, in the judgment of the Board and the Compensation and Human Resources Committee, will be largely responsible for the Company’s future growth and success. Eligible participants under the RSU Plan include directors, employees and service providers of the Company and any of its affiliates who participate in the RSU Plan voluntarily.

### *Limits of Issuance*

The aggregate maximum number of Class A Shares that may be issued pursuant to the RSU Plan is limited to 25,000,000 Class A Shares (which represents approximately 3.21% of the total issued and

outstanding Class A Shares as of the date of this Management Proxy Circular). In addition, the aggregate number of Class A Shares that may be reserved for issuance under the RSU Plan on the grant of unit awards (excluding those allocated for issuance as bonus shares and under the Purchase Plan), together with any other securities based compensation arrangements of the Company in effect from time to time, shall not exceed 10% of the issued and outstanding Class A Shares from time to time.

#### *Insider Participation Limit*

The aggregate number of Class A Shares (together with any other securities based compensation arrangements of the Company in effect from time to time): (i) that may be reserved for issuance to insiders under the RSU Plan (or when combined with all of the Company's other security based compensation arrangements) shall not exceed 10% of the outstanding Class A Shares from time to time; (ii) that may be issued to insiders under the RSU 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 Class A Shares from time to time; and (iii) that may be issued to any one insider and their associates under the RSU Plan within any one-year period shall not exceed 5% of the Company's outstanding Class A Shares from time to time.

#### *RSU Terms*

The Board, or if authority is delegated to the Compensation and Human Resources Committee, that committee, may at any time authorize the grant of unit awards to such eligible participants as it may select for the number of unit awards that it shall designate subject to the provisions of the RSU Plan. Each grant of a unit award shall specify the performance period and may (but is not required to) specify performance conditions attaching to it, with such conditions to be set by the Board or the Compensation and Human Resources Committee. Performance conditions are additional conditions that may be imposed on a unit award that are required to be satisfied or discharged before a unit award shall vest. In the case of cash dividends, the RSU Plan contains an adjustment through which additional RSUs equal to the value of the dividend will be issued to the holder.

#### *Vesting*

Except as otherwise provided in the RSU Plan or unless otherwise determined by the Board or the Compensation and Human Resources Committee at the time of the grant of the unit award and subject to satisfaction of any performance conditions which may be attached to the unit award during the relevant performance period, unit awards shall vest in one-third increments, commencing on the one year anniversary of the date of grant and on each of the two anniversaries thereafter.

#### *Settlement*

Provided a "blackout period" is not then in effect, and that the eligible participant does not otherwise have knowledge of a material fact or material change pertaining to the Company at the time of election, the eligible participant shall, within two business days of the date of grant, notify the Company of their election to settle their RSU awards on (i) a cash-basis, (ii) share-basis, or (iii) both a cash-basis and share-basis.

If cash settlement is elected, the Company would issue that number of vested Class A Shares to which the eligible participant is entitled to a licensed securities broker, who would then sell such shares in the public market and deliver the net proceeds thereof to the eligible participant. If share settlement is elected, the Company will cause the vested Class A Shares to be issued in certificated form to the eligible participant within five (5) business days of vesting.

If an eligible participant fails to make an election as described above, the eligible participant will be deemed to have elected to settle their RSU awards on a share-basis.

All settlement elections are irrevocable once made and may not be modified, amended or varied by either the eligible participant or the Company (unless the election becomes subsequently unlawful).



### *Effect of Termination*

If an eligible participant ceases to be employed by, or act as, a director of the Company or its affiliates for any reason (including death, termination for cause, termination without cause, resignation or retirement): (i) any unvested unit awards held by such eligible participant at the date the eligible participant ceases to be an employee or director of the Company or its affiliates shall be terminated as of such date; and (ii) any vested unit awards held by such eligible participant at the date the eligible participant ceases to be an employee or director of the Company or its affiliates and which has not yet been settled, shall be settled within thirty (30) days of such date. If a unit award has performance conditions attached to it which remain unsatisfied at the date an eligible participant ceases to be an employee or director of the Company or its affiliates, then such unit awards shall be deemed to not have vested.

### *Transferability*

Any unit awards or RSUs accruing to any eligible participant shall not be transferable except by will or by the laws of descent and distribution. All benefits and rights granted under the RSU Plan may only be exercised by the eligible participant during their lifetime.

### *Amendments*

The Board may amend the terms of the RSU Plan without shareholder approval, including for the purposes of: changes of a clerical or grammatical nature; changes regarding the persons eligible to participate in the RSU Plan; changes to the vesting, provisions of unit awards, performance conditions or performance period; changes to the authority and role of the Compensation and Human Resources Committee under the RSU Plan; changes to the acceleration and vesting of unit awards in the event of a takeover bid or change of control; and any other matter relating to the RSU Plan and the unit awards granted thereunder.

The Compensation and Human Resources Committee also has the power to amend the terms of the RSU Plan without shareholder approval, for the purposes of: changes of a clerical or grammatical nature; changes regarding the persons eligible to participate in the RSU Plan; and changes to the vesting, provisions of unit awards, performance conditions or performance period.

Notwithstanding the foregoing, the powers of the Board and the Compensation and Human Resources Committee shall be limited in those circumstances set forth in the RSU Plan as requiring shareholder approval and as required by applicable securities regulatory authorities or any stock exchange upon which the Class A Shares are then listed. Shareholder approval is required for:

- (i) amendment to the any amendment to the aggregate maximum number of Class A Shares issuable under the RSU Plan;
- (ii) any amendment to the aggregate percentage of Class A Shares that may be reserved for issuance under the RSU Plan or issued to insiders under the RSU Plan;
- (iii) any amendment which would accelerate the vesting of any unit awards held by insiders, except as contemplated under the RSU Plan; and
- (iv) any amendment provision under the RSU Plan.

If the RSU Plan is terminated, its provisions and any other guidelines, rules and regulations adopted by the Board or the Compensation and Human Resources Committee in respect of it will continue in effect as long as any unit awards or rights thereto remain outstanding.

### **Securities Issued and Unissued under the Restricted Share Unit Plan**

As at March 30, 2016, there are 778,959,807 Class A Shares of the Company issued and outstanding. Pursuant to the RSU Plan, Class A Shares reserved for issuance under the RSU Plan would be as follows:

	Number of Class A Shares	% of Issued and Outstanding Class A Shares
Class A Shares reserved for future issuance pursuant to issued and unvested RSUs under the RSU Plan	7,277,081	0.93%
Unissued Class A Shares available for future RSU grants under the RSU Plan <sup>(1)</sup>	17,722,919	2.28%
Maximum number of Class A Shares available for issuance under the RSU Plan <sup>(1)</sup>	25,000,000	3.21%

**Notes:**

- <sup>(1)</sup> The aggregate number of Class A Shares that may be reserved for issuance under the RSU Plan, together with any other securities based compensation arrangement of the Company in effect from time to time, in this case the Equity Incentive Plan, shall not exceed 10% of the issued and outstanding Class A Shares from time to time.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than routine indebtedness, at no time during the Company's most recently completed financial year was any director, executive officer or proposed management nominee for election as a director of the Company, or any associate of any such director, executive officer or proposed nominee, indebted to the Company or any of its subsidiaries, or to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

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

Other than as disclosed below, the Company is unaware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

The Company is a party to a cost sharing agreement with Kaizen Discovery Inc. (TSX-V), GoviEx Uranium Inc. (CSE), High Power Exploration Inc., Ivanhoe Capital Corporation, Ivanhoe Capital Finance Limited and I-Pulse Inc. Except for GoviEx Uranium Inc., Mr. Friedland, Executive Chairman of the Company, has a material direct or indirect beneficial interest in these companies. Through these agreements, the Company shares, on a cost-recovery basis, office space, furnishings, equipment and communications facilities in Vancouver, Singapore, London and Tokyo. The Company also shares the costs of employing administrative and certain management personnel in these offices. In 2015, the Company's share of these costs was \$3.6 million. In 2001, the Company agreed, as part of the cost sharing arrangements and in connection with Mr. Friedland's position as the Executive Chairman, to share the costs of operating an aircraft owned by a private company of which Mr. Friedland is the sole shareholder. The Company paid \$1.2 million towards aircraft operating costs in 2015.

## **MANAGEMENT CONTRACTS**

Management functions of the Company and its subsidiaries are not performed by a person or persons other than the directors or senior officers of the Company.

## **CORPORATE GOVERNANCE DISCLOSURE**

The Board is responsible for the overall corporate governance of the Company, and it recognizes the need for the highest standards of behavior and accountability. Please refer to Schedule 3 for the Corporate Governance Disclosure required under National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.



## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available free of charge through the Company's website at [www.ivanhoemines.com](http://www.ivanhoemines.com) or through SEDAR at [www.sedar.com](http://www.sedar.com). This includes the Company's Financial Statements and MD&A, which may be viewed on the SEDAR website. Shareholders may contact the Company directly to receive copies of information relating to it, including its financial statements and management's discussion and analysis, without charge, upon written or oral request to Mary Vincelli, Vice President, Compliance and Corporate Secretary, Suite 654-999 Canada Place, Vancouver, British Columbia, V6C 3E1, or by telephone at 1-604-688-6630 (not a toll-free number).

DATED at Vancouver, British Columbia as of the 30<sup>th</sup> day of March, 2016.

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

*"Mary Vincelli"*

Mary Vincelli

Vice President, Compliance and Corporate Secretary

## PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

### 1. ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed:

Mr. Robert M. Friedland  
Mr. Ian D. Cockerill  
Dr. Markus Faber  
Mr. William B. Hayden  
Mr. Oyvind Hushovd  
Ms. Livia Mahler  
Mr. Peter G. Meredith  
Mr. Guy J. de Selliers

**Unless such authority is withheld, proxies given pursuant to the solicitation by the management of the Company will be voted FOR the nominees listed in this Management Proxy Circular.** Management does not contemplate that any of the nominees will be unable to serve as a director.

The Board currently consists of ten (10) directors, however Messrs. Russell and Lamarque will not be standing for re-election. The Company is requesting that the shareholders consider and, if thought advisable, approve an ordinary resolution at the Meeting to set the number of directors of the Board at eight (8) directors for the ensuing year.

On February 6, 2013, the Board adopted a majority voting policy (the “**Majority Voting Policy**”) required by the rules of the TSX. The Majority Voting Policy states that, in an uncontested election, any nominee who receives a greater number of votes “withheld” than “for” must submit his or her resignation promptly after the Meeting for the Nominating and Corporate Governance Committee’s consideration. The Board will determine, based on the recommendation of the Nominating and Corporate Governance Committee, whether or not to accept such director’s offer to resign and announce in a press release its determination (and the reasons for rejecting the resignation if applicable) within ninety (90) days following the date of the Meeting. See Schedule 3 “Corporate Governance – Majority Voting Policy” for a further description of the Majority Voting Policy.

The director tables in Schedule 1 provide information on the nominees proposed for election to the Board. Included in these tables is information relating to each nominee’s committee memberships, meeting attendance, other public company directorships, ownership of Company securities, principal occupation, business or employment and the period of time during which each has been a director of the Company. The statement as to Class A Shares and other securities beneficially owned, directly or indirectly, or over which control or direction is exercised by the nominees is in each instance based upon information furnished by the nominee concerned and is as at March 30, 2016.

### Summary of Board and Committee Meetings Held

The following table summarizes the meetings of the Board and the committees held during the year ended December 31, 2015:

	Number of Meetings
Board of Directors	8
Audit Committee	5
Compensation and Human Resources Committee	3
Nominating and Corporate Governance Committee	3
Sustainability Committee	3
Technical Committee <sup>(1)</sup>	1

	Number of Meetings
Independent Directors	4
Non-Executive Directors	1

**Notes:**

(1) The Technical Committee was newly formed in May 2015.

During 2015, seven (7) meetings of the Board were held by teleconference and one (1) meeting of the Board was held in person. Three (3) resolutions were passed in writing by the Board in lieu of a meeting. Resolutions in writing must be executed by all of the directors entitled to vote on a matter in order to be effective.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the knowledge of management, except as disclosed herein, no director or executive officer of the Company is, as of the date of this Management Proxy Circular, or was, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including Ivanhoe) that was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued: (i) while such person was acting in that capacity; or (ii) after such person was acting in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Mr. Robert Friedland served as the Executive Co-Chairman of Ivanhoe Energy Inc. ("**Ivanhoe Energy**") from May 2008 to October 2014 and was Deputy Chairman from June 1999 to May 2008, President from May 2008 to May 2010, and Chief Executive Officer from May 2008 to December 2011. Mr. Peter Meredith served as a director of Ivanhoe Energy from December 2007 to December 2014. On February 20, 2015, Ivanhoe Energy filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada). On June 2, 2015, having failed to file a proposal, Ivanhoe Energy was assigned into bankruptcy.

Mr. William Lamarque serves as the Chief Executive Officer of Ecometals Limited ("**Ecometals**"). On October 3, 2013 a Cease Trade Order against Ecometals was issued by the British Columbia Securities Commission for failing to file its audited financial statements and associated filings for the year ending March 31, 2013. The Alberta Securities Commission issued an identical Cease Trade Order on April 17, 2014. Ecometals continues to work with its auditors to complete the filings as soon as its financial condition allows.

To the knowledge of management, except as disclosed herein, no director or executive officer of the Company, or shareholder holding a sufficient number of securities to affect materially the control of the Company is, as of the date of this Management Proxy Circular, or has been, within 10 years before the date hereof, a director or executive officer of any company that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

As noted above, Mr. Robert Friedland served as the Executive Co-Chairman of Ivanhoe Energy from May 2008 to October 2014 and was Deputy Chairman from June 1999 to May 2008, President from May 2008 to May 2010, and Chief Executive Officer from May 2008 to December 2011. Mr. Peter Meredith served as a director of Ivanhoe Energy from December 2007 to December 2014. Cease trade orders were issued against Ivanhoe Energy in Alberta (July 15, 2015), Quebec (May 7, 2015), Manitoba (May 6, 2015), Ontario (May 4, 2015) and British Columbia (April 14, 2015) in respect of the company failing to file its audited financial statements and associated filings for the year ending December 31, 2014, which cease trade orders remain in effect as at the date of this Management Proxy Circular.

Mr. Ian Cockerill was a non-executive director of Peterstow Holdings from August 2010 to March 2012. In August 2012, Peterstow Holdings applied for an order from the High Court in Swaziland to be placed

under provisional liquidation. Mr. Cockerill was a minority shareholder of Peterstow Holdings, owning less than 1% of the issued and outstanding capital of the company.

Mr. Ian Cockerill was a non-executive director and Vice Chairman of African Minerals Limited from July 2013 to December 2014. On March 26, 2015, the High Court in London appointed joint administrators of African Minerals Limited after it failed to make a scheduled bond payment.

Mr. William Lamarque was a director of Century Mining Corporation ("**Century**") until it was purchased through a statutory plan of arrangement by White Tiger Gold Ltd. ("**White Tiger**") in October 2011. On May 25, 2012, White Tiger announced that Century had received a notice from Deutsche Bank AG, London Branch, that it was in breach of certain contractual commitments and that Deutsche Bank would be enforcing its security on the property of Century.

To the knowledge of management, no director or executive officer of the Company, or shareholder holding a sufficient number of securities to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **2. APPOINTMENT OF AUDITORS**

At the Meeting, shareholders will be asked to appoint an auditor for the ensuing year. If there is more than one nominee for appointment as the Company's auditor, the nominee receiving the greatest number of votes will be appointed. If there is only one nominee for appointment as auditor, such nominee will be declared appointed by acclamation.

PricewaterhouseCoopers Inc., Chartered Accountants, will be nominated at the Meeting for re-appointment as the Company's auditors at a remuneration to be fixed by the directors. PricewaterhouseCoopers Inc. has been the Company's auditor since March 2015.

**Unless such authority is withheld, the nominees identified on the proxy form intend to vote FOR the re-appointment of PricewaterhouseCoopers Inc. as the auditors of the Company to hold office for the ensuing year at the remuneration to be fixed by the Directors.**

## **OTHER BUSINESS**

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

## **DIRECTORS' APPROVAL**

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

## SCHEDULE 1 – DIRECTOR TABLES



**Robert M. Friedland**

Singapore

Age: 65

**Director Since:** 2000

**Director Status:**  
Non-Independent<sup>(1)</sup>

**Areas of Experience:**  
CEO/Board  
International Finance  
Mining Industry  
Public Capital Markets  
Managing/Leading Growth

Robert Friedland is the founder of the Company. He has served as Executive Chairman and a director since November 2000 and held the position of President from June 2003 to May 2008. In January 2016, Mr. Friedland was inducted into the Toronto-based Canadian Mining Hall of Fame for notable company-building and exploration achievements during his career in the international mining industry. The induction capped a succession of international recognitions received during the past 20 years.

Mr. Friedland is Chairman, President and Chief Executive Officer of Ivanhoe Capital Corporation, his family's private company headquartered in Singapore that specializes in the provision of venture capital and project financing for international business enterprises, predominantly in the fields of minerals, energy and advanced technology. Mr. Friedland also founded the original Ivanhoe Mines Ltd. ("**Former Ivanhoe Mines**") in 1994, which he led as Executive Chairman and Chief Executive Officer through 18 years of exploration and mining ventures in Asia and Asia Pacific, including the discovery of the Oyu Tolgoi chain of deposits in Mongolia and initial development of the copper-gold-silver mining complex. That company changed its name to Turquoise Hill Resources in 2012 after Rio Tinto acquired a controlling interest. Mr. Friedland was Chairman of Potash One from May 2009 to January 2011 while it was planning the development of a new mine in central Canada. He co-founded Ivanhoe Energy Inc. in 1999; his former roles with the company included Executive Co-Chairman and Chief Executive Officer.

In 2012, Mr. Friedland was recognized as Mining Personality of the Year at the Asia Mining Awards, sponsored by the Mines & Money conference and the Asia Mining Club in Hong Kong, which cited his role in Mongolia's emergence as a major destination for mining investment. In 2011, Mr. Friedland received the Dealmaker of the Year award for the original Ivanhoe Mines from Australia's Diggers and Dealers Mining Forum. In 2002 and 2003, the Mongolian government's Foreign Investment and Foreign Trade Agency recognized Mr. Friedland with consecutive Investor Envoy of the Year awards. In 1996, he was named Developer of the Year by the Prospectors and Developers Association of Canada for his work in establishing and financing mineral exploration and development companies around the world.

Mr. Friedland holds an undergraduate degree in political science from Reed College, Oregon.

### Principal Occupation, Business or Employment

Founder and Executive Chairman of Ivanhoe Mines Ltd. (November 2000 – present); Executive Chairman (March 1994 – April 2012) and Chief Executive Officer (October 2010 – April 2012) of Former Ivanhoe Mines; Chairman (January 1991 – present), President and Chief Executive Officer (July 1988 – present) of Ivanhoe Capital Corporation; Founder and Executive Co-Chairman (May 2008 – October 2014), President (May 2008 – May 2010), Chief Executive Officer (May 2008 – December 2011) of Ivanhoe Energy Inc.; Chief Executive Officer of High Power Exploration Inc. (December 2015 - present)

Board/Committee Membership:		Attendance:		Public Board Membership:		
				Company:		Since:
Board of Directors		6 of 8	75%	N/A		
Total:		6 of 8	75%			
Class A Shares Beneficially Owned, Controlled or Directed:				RSU Awards:		
Year	Class A Shares <sup>(3)</sup>	Total Market Value of Class A Shares	Minimum Required	Date Awarded	Number Awarded	Unvested RSUs
2016	167,710,781	\$108,684,660 <sup>(4)</sup>	See Note (6)	Dec. 15, 2015	1,750,000 <sup>(18)</sup>	1,750,000 <sup>(19)</sup>
2015	167,710,781	\$132,491,517 <sup>(5)</sup>	See Note (6)			
Options Held:						
Date Granted	Expiry Date	Number Granted	Vested / Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(8)</sup>
Dec. 15, 2015	Dec. 15, 2020	1,100,000	0 / 1,100,000	Cdn\$0.64 <sup>(7)</sup>	1,100,000	\$169,727
Dec. 8, 2014	Dec. 8, 2019	1,700,000	425,000 / 1,275,000	Cdn\$0.99 <sup>(7)</sup>	1,700,000	Nil
Dec. 13, 2013	Dec. 13, 2018	1,000,000	500,000 / 500,000	Cdn\$1.98 <sup>(7)</sup>	1,000,000	Nil



**Ian D. Cockerill**  
Gauteng, South Africa  
Age: 61

**Director Since:** May 2011

**Director Status:**  
Independent<sup>(2)</sup>

**Areas of Experience:**  
CEO/Board  
Governance  
Compensation  
Mining Industry  
International Project  
Management  
Public Capital Markets

Ian Cockerill has been a director of the Company since May 2011 and the Lead Independent Director since May 2012. Mr. Cockerill has 40 years' experience in the global resources industry. In addition to Ivanhoe, Mr. Cockerill serves on the boards of Petmin Limited, a junior natural resources company, Endeavour Mining Corporation, a gold producing company, Blackrock World Mining Trust plc, a United Kingdom-based investment trust company and Orica Limited, a mining services company. Mr. Cockerill also acts as an advisor to several other companies in the mining field.

As Chairman of the Leadership for Conservation in Africa, a not-for-profit initiative, Mr. Cockerill has been engaged in promoting conservation and sustainable development across the African continent, in partnership with the South African Parks Board, global business leaders and the International Union for Conservation of Nature.

Mr. Cockerill's involvement in the mining industry began as a geologist in 1975. He commenced work with Anglo American Corporation ("Anglo") in January 1979, where he held various managerial positions mainly in the Gold and Uranium division, later AngloGold Limited. Between 1996 and 1999, Mr. Cockerill was Executive Director – Business Development and Executive Officer, African International Operations of AngloGold Limited. Subsequent to his work with Anglo, Mr. Cockerill accepted the position of Managing Director and Chief Operating Officer with Gold Fields Limited in June 1999, a position he held until he was appointed President and Chief Executive Officer in July 2002. In June 2008, Mr. Cockerill joined Anglo American plc as Chief Executive Officer, Anglo Coal, responsible for all global operations until retiring from that position in December 2009.

Mr. Cockerill completed his Bachelor of Science (Hons) in Geology (Chelsea College, University of London), Master of Science in Mining-Mineral Production Management (Royal School of Mines), MDP – Unisa, and an Advanced Management Programme (Templeton College, Oxford University).

#### Principal Occupation, Business or Employment

Director of Endeavour Mining Corporation (September 2013 – present); Executive Director (March 2010 – July 2010), Executive Chairman (July 2010 – February 2013) and Non-Executive Chairman (February 2013 – present) of Petmin Limited; Non-Executive Director of Orica Limited (September 2010 – present); Non-Executive Director and Vice Chairman of African Minerals Limited (July 2013 – December 2014); Non-Executive Chairman of Hummingbird Resources Ltd. UK (October 2009 – November 2014);

Board/Committee Membership:	Attendance:		Public Board Membership	
			Company:	Since:
Board of Directors	8 of 8	100%	Orica Limited (ASX)	2010
Nominating and Corporate Governance	3 of 3	100%	Petmin Limited (AIM; JSE)	2010
Compensation and Human Resources – Chair	3 of 3	100%	Endeavour Mining Corporation (TSX; ASX; OTCQX)	2013
Technical <sup>(9)</sup>	1 of 1	100%	Blackrock World Mining Trust plc (LSE)	2013
<b>Total:</b>	<b>15 of 15</b>	<b>100%</b>		

#### Class A Shares Beneficially Owned, Controlled or Directed:

Year	Class A Shares <sup>(3)</sup>	Total Market Value of Class A Shares	Minimum Required
2016	66,700	\$43,225 <sup>(4)</sup>	See Note (6)
2015	66,700	\$52,693 <sup>(5)</sup>	See Note (6)

#### Options Held:

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



**Dr. Markus Faber**  
Chiang Mai, Thailand  
Age: 70

**Director Since:** August 2004

**Director Status:**  
Independent<sup>(2)</sup>

**Areas of Experience:**  
Board  
International Finance  
Global Economics  
Mining Industry  
Compensation  
Public Capital Markets

Dr. Markus Faber has been a director of the Company since 2004. Dr. Faber has over 35 years of experience in the finance industry. Dr. Faber is the Managing Director of Marc Faber Limited, an investment advisory and fund management firm based in Hong Kong. He acts as an Executive Director, an Investment Advisor, and a Fund Manager to a number of corporations, private investment funds, organizations, and individuals around the world. Dr. Faber serves as a director of NovaGold Resources Inc. and Sprott Inc. as well as a number of international investment funds. Dr. Faber is Chairman of Indochina Capital Corporation, Leopard Capital Ltd. and Leopard Cambodia Fund's GP. Dr. Faber was a director of Former Ivanhoe Mines from February 2002 to April 2012.

Dr. Faber 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*. A renowned commentator on global market trends and developments, he is also a regular contributor to several leading financial publications around the world, including *Barron's*, where he is a member of the *Barron's* Roundtable.

Dr. Faber obtained a Ph.D. in Economics *magna cum laude* from the University of Zurich.

#### Principal Occupation, Business or Employment

Managing Director of Marc Faber Limited (June 1990 – present)

Board/Committee Membership:	Attendance:		Public Board Membership	
			Company:	Since:
Board of Directors	8 of 8	100%	Sprott Inc. (TSX)	2010
Nominating and Corporate Governance – Chair <sup>(10)</sup>	1 of 1	100%	NovaGold Resources Inc. (TSX; NYSE)	2010
Compensation and Human Resources <sup>(11)</sup>	2 of 2	100%		
<b>Total:</b>	<b>11 of 11</b>	<b>100%</b>		

#### Class A Shares Beneficially Owned, Controlled or Directed:

Year	Class A Shares <sup>(3)</sup>	Total Market Value of Class A Shares	Minimum Required
2016	233,333	\$151,211 <sup>(4)</sup>	See Note (6)
2015	233,333	\$184,333 <sup>(5)</sup>	See Note (6)

#### Options Held:

Date Granted	Expiry Date	Number Granted	Vested / Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(8)</sup>
N/A	N/A	N/A	N/A	N/A	N/A	N/A





**William B. Hayden**  
New South Wales, Australia  
Age: 64

**Director Since:** March 2007 and May 1998 - September 2002

**Director Status:**  
Independent<sup>(2)</sup>

**Areas of Experience:**  
CEO/Board  
Mining Industry  
International Project  
Public Capital Markets

William Hayden is a geologist with over 35 years' experience in the mineral exploration industry, much of which has been in Africa and the Asia-Pacific region. He has been involved with Ivanhoe since the amalgamation of African Mineral Corp. with China Industrial Minerals Company Ltd. in 1998, and served as its President from May 1998 to November 2001. Since 1986, Mr. Hayden has worked in a management capacity with several exploration and mining companies both in Australia and overseas. Mr. Hayden served as President of Ivanhoe Philippines, Inc. (which at the time was a subsidiary of Former Ivanhoe Mines) from July 2005 to December 2011.

Mr. Hayden currently serves as a director of the following publicly listed companies: NovaCopper Inc. (since June 2015), China Polymetallic Mining Ltd. (since November 2011), Condoto Platinum NL (since February 2011) and Globe Metals and Mining Ltd. (since November 2009). He served as a Non-Executive director of Ivanhoe Australia Ltd. (now Chinova Resources Pty Limited) from November 2006 to May 2010.

Mr. Hayden holds a Bachelor of Science (Hons) in Geology from Sierra Nevada College, Nevada.

#### Principal Occupation, Business or Employment

President and director of Ivanhoe Philippines, Inc. (July 2005 – December 2011); President of GoviEx Uranium Inc. (June 2010 – August 2011)

Board/Committee Membership:	Attendance:		Public Board Membership	
			Company:	Since:
Board of Directors	7 of 8	88%	Globe Metals and Mining Ltd. (ASX)	2009
Audit <sup>(12)</sup>	3 of 3	100%	China Polymetallic Mining Limited (HKSE)	2011
Sustainability	3 of 3	100%	Condoto Platinum NL (ASX)	2011
<b>Total:</b>	<b>13 of 14</b>	<b>93%</b>	NovaCopper Inc. (TSX; NYSE)	2015

#### Class A Shares Beneficially Owned, Controlled or Directed:

Year	Class A Shares <sup>(3)</sup>	Total Market Value of Class A Shares	Minimum Required
2016	466,666	\$302,422 <sup>(4)</sup>	See Note (6)
2015	466,666	\$368,666 <sup>(5)</sup>	See Note (6)

#### Options Held:

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





Oyvind Hushovd joined the Board in September 2007. Mr. Hushovd currently serves on the board of Nyrstar B.V., an integrated mining and metals business with positions in zinc and lead. He served on the boards of Cameco Corporation, one of the world's largest uranium producers, from December 2003 to May 2013, and Inmet Mining Corporation from May 2002 to March 2013.

From March 2003 to May 2005, Mr. Hushovd was the Chief Executive Officer and Chairman of Gabriel Resources Ltd., a Canadian-based resources company. Mr. Hushovd served as the President and Chief Executive Officer of Falconbridge Limited from December 1996 to February 2002.

Mr. Hushovd earned a Master of Economics and Business Administration from the Norwegian School of Business (NHH) and subsequently achieved a Master of Law Degree from the University of Oslo.

#### Principal Occupation, Business or Employment

Director of Nyrstar B.V. (December 2009 - present); director of Cameco Corporation (December 2003 – May 2013); director of Inmet Mining Corporation (May 2002 – March 2013)

**Oyvind Hushovd**  
Norway  
Age: 66

**Director Since:** September 2007

**Director Status:**  
Independent<sup>(2)</sup>

**Areas of Experience:**  
CEO/Board  
Mining Industry  
Compensation  
Governance  
International Project


Board/Committee Membership:	Attendance:		Public Board Membership	
			Company:	Since:
Board of Directors	8 of 8	100%	Nyrstar B.V. <sup>(20)</sup> (EBR)	2009
Audit - Chair	5 of 5	100%		
Compensation and Human Resources	3 of 3	100%		
Technical <sup>(9)</sup>	1 of 1	100%		
<b>Total:</b>	<b>17 of 17</b>	<b>100%</b>		

#### Class A Shares Beneficially Owned, Controlled or Directed:

Year	Class A Shares <sup>(3)</sup>	Total Market Value of Class A Shares	Minimum Required
2016	1,000,000	\$648,048 <sup>(4)</sup>	See Note (6)
2015	1,000,000	\$790,000 <sup>(5)</sup>	See Note (6)

#### Options Held:

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

 <p><b>Livia Mahler</b> British Columbia, Canada Age: 57</p> <p><b>Director Since:</b> March 2015</p> <p><b>Director Status:</b> Independent<sup>(2)</sup></p> <p><b>Areas of Experience:</b> CEO/Board International Finance Mining Industry Compensation Public Capital Markets</p>	<p>Livia Mahler joined the Board in March 2015. She is the President and Chief Executive Officer of Computational Geosciences Inc., a company she co-founded in 2010. Computational Geosciences provides leading edge data processing solutions to maximize the value of geophysical exploration surveys and has worked with some of the world's largest mining companies. Since February 2000, Ms. Mahler has served as the Managing Partner of Greenstone Venture Partners, a technology focused venture capital firm. Prior to this, she was the Senior Investment Manager, Venture Capital Division for the Business Development Bank of Canada.</p> <p>Ms. Mahler previously served as a board member of DuSolo Fertilizers Inc. (TSX-V:DSF) from February 2014 to August 2015, Turquoise Hill Resources Ltd. (NYSE/TSX:TRQ) from May 2009 to May 2013 and Diversified Royalty Corp. (TSX:DIV), formerly BENEV Capital Inc., from June 2011 to November 2014.</p> <p>Ms. Mahler obtained her B.Sc. from the Hebrew University of Jerusalem and her MBA from the University of British Columbia.</p>						
	<b>Principal Occupation, Business or Employment</b>						
	President and Chief Executive Officer, Computational Geoscience Inc. (December 2010 to present). Managing Partner and co-founder, Greenstone Venture Partners (February 2000 to present).						
	<b>Board/Committee Membership:</b>		<b>Attendance:</b>		<b>Public Board Membership</b>		
					<b>Company:</b>		<b>Since:</b>
	Board of Directors <sup>(13)</sup>		5 of 5	100%	N/A		
	Audit <sup>(14)</sup>		2 of 2	100%			
	Compensation and Human Resources <sup>(15)</sup>		1 of 1	100%			
	<b>Total:</b>		<b>8 of 8</b>	<b>100%</b>			
	<b>Class A Shares Beneficially Owned, Controlled or Directed:</b>						
Year		Class A Shares <sup>(3)</sup>		Total Market Value of Class A Shares		Minimum Required	
2016		Nil		Nil		See Note (6)	
2015		Nil		Nil		See Note (6)	
<b>Options Held:</b>							
Date Granted	Expiry Date	Number Granted	Vested / Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(8)</sup>	
N/A	N/A	N/A	N/A	N/A	N/A	N/A	



**Peter G. Meredith**  
British Columbia, Canada  
Age: 72

**Director Since:** May 1998

**Director Status:**  
Non-Independent<sup>(1)</sup>

**Areas of Experience:**  
CEO/Board  
International Finance  
Mining Industry  
Public Capital Markets

Peter Meredith has been a director of the Company since 1998.

Mr. Meredith is the former Deputy Chairman and Chief Financial Officer of the Former Ivanhoe Mines, where he was involved in overseeing business development and corporate relations. He also served as its Chief Financial Officer from May 2004 to May 2006, and from June 1999 to November 2001, and as its Deputy Chairman from May 2006 to April 2012. He served as a Director of Turquoise Hill Resources Ltd. from March 2005 to May 2013. Mr. Meredith was also Chairman of SouthGobi Resources Ltd. until September 2012.

Prior to joining Ivanhoe Mines Ltd., Mr. Meredith spent 31 years with Deloitte LLP, chartered accountants, and retired as a partner in 1996. Mr. Meredith is a Chartered Accountant and is a member of the Institute of Chartered Professional Accountants of British Columbia and the Institute of Chartered Professional Accountants of Ontario.

Mr. Meredith was certified as a Chartered Accountant by the Canadian Institute of Chartered Accountants (1968).

#### Principal Occupation, Business or Employment

Chairman of Kaizen Discovery Inc. (December 2013 – present); President and Chief Executive Officer, Global Mining Management Corporation (April 2006 – May 2013); Chairman of SouthGobi Resources Ltd. (October 2009 – September 2012); Chief Executive Officer of SouthGobi Resources Ltd. (June 2007 – October 2009); Deputy Chairman of Former Ivanhoe Mines (May 2006 - April 2012)

Board/Committee Membership:	Attendance:		Public Board Membership	
			Company:	Since:
Board of Directors	8 of 8	100%	Great Canadian Gaming Corporation (TSX)	2000
Nominating and Corporate Governance <sup>(16)</sup>	3 of 3	100%	Peregrine Diamonds Ltd. (TSX)	2013
<b>Total:</b>	<b>11 of 11</b>	<b>100%</b>	Trevali Mining Corporation <sup>(17)</sup> (TSX)	2013
			Kaizen Discovery Inc. <sup>(17)</sup> (TSX-V)	2013

#### Class A Shares Beneficially Owned, Controlled or Directed:

Year	Class A Shares <sup>(3)</sup>	Total Market Value of Class A Shares	Minimum Required
2016	1,304,825	\$845,589 <sup>(4)</sup>	See Note (6)
2015	1,304,825	\$1,030,812 <sup>(5)</sup>	See Note (6)

#### Options Held:

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



**Mr. Guy J. de Selliers**  
England, United Kingdom  
Age: 63

**Director Since:** May 2011

**Director Status:**  
Non-Independent<sup>(1)</sup>

**Areas of Experience:**  
CEO/Board  
International Finance  
Mining Industry  
Public Capital Markets

Guy de Selliers has more than 35 years' experience in international finance and business. He is currently President and co-founder of HCF International Advisers Ltd., a corporate finance advisory firm focused on the mining and metals industry. Mr. de Selliers is on the board of Solvac S.A., a holding company listed on the Brussels Stock Exchange, which is the reference shareholder of Solvay S.A., a leading European chemical group.

Mr. de Selliers is Vice-Chairman of the Board and Chairman of the risk and capital committee of Ageas S.A., a European based insurance group with activities in Europe and Asia (Euronext listed). He is on the board and Chairman of the audit committee of AMG Advanced Metallurgical Group N.V. (a Euronext listed Dutch company). He is a director of I-Pulse Inc. and on the Advisory Board of Pamplona Private Equity. Mr. de Selliers serves on the Board of Trustees of Drive Forward (formerly Partners in Hope, a charity based in the United Kingdom) and Chairman of the Board of Trustees of the Renewable Energy Foundation.

Mr. de Selliers started his career in June 1977 at the World Bank in the mining division following which he worked at Lehman Brothers, as Senior Vice President, International Investment Banking. In July 1990 he became part of the team responsible for creating the European Bank for Reconstruction and Development ("EBRD"). Mr. de Selliers was Vice Chairman of the Credit Committee and a member of the EBRD's Executive Committee. After leaving EBRD in December 1997, Mr. de Selliers served as Chief Executive of MC-BBL Eastern Holdings, until its sale where upon he joined Robert Fleming and Co. Limited as board member and Chairman, Eastern Europe. He also acted as expert advisor to the European Commission on a number of issues.

Mr. de Selliers earned a Master's degree in Engineering and a Master's degree in Economics from the University of Louvain.

#### Principal Occupation, Business or Employment

President of HCF International Advisers Ltd. (March 2003 – present)

Board/Committee Membership:	Attendance:		Public Board Membership	
			Company:	Since:
Board of Directors	6 of 8	75%	Ageas S.A. (EBR)	2009
Sustainability	3 of 3	100%	AMG Advanced Metallurgical Group N.V. (EAM)	2007
<b>Total:</b>	<b>9 of 11</b>	<b>82%</b>	Solvac S.A.	2015

#### Class A Shares Beneficially Owned, Controlled or Directed:

Year	Class A Shares <sup>(3)</sup>	Total Market Value of Class A Shares	Minimum Required
2016	400,000	\$259,219 <sup>(4)</sup>	See Note (6)
2015	100,000	\$79,000 <sup>(5)</sup>	See Note (6)

#### Options Held:

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

Notes to the Director Tables:

- (1) See entitled "Corporate Governance Disclosure" for a description of the reasons why the Company does not consider this nominee to be independent.
- (2) "Independent" refers to the standards of independence established under Canadian Securities Administrators' National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.
- (3) "Class A Shares" refers to the number of Class A Shares beneficially owned, or over which control or direction is exercised, by the nominee as of March 30, 2016 and March 26, 2015, respectively. Unissued Class A Shares issuable upon the exercise or conversion of convertible securities of the Company may be deemed outstanding for certain purposes under securities laws, but are excluded from the "Class A Shares" reported. Unissued Class A Shares issuable upon the exercise of incentive stock options are excluded from the "Class A Shares" and are reported as "Options Held" in the Director Tables on Schedule 1.
- (4) "Total Market Value of Class A Shares" is calculated by multiplying the closing price of the Class A Shares on the TSX on March 30, 2016 (converted to "\$" using the Bank of Canada noon rate – Cdn\$1.00 to \$0.77), by the number of Common Shares held by the nominee as of that date, excluding any unissued Class A Shares issuable pursuant to the exercise of incentive stock options or other convertible securities of the Company.
- (5) "Total Market Value of Class A Shares" is calculated by multiplying the closing price of the Class A Shares on the TSX on March 26, 2015 (converted to "\$" using the Bank of Canada noon rate – Cdn\$0.99 to \$0.79), by the number of Common Shares held by the nominee as of that date, excluding any unissued Class A Shares issuable pursuant to the exercise of incentive stock options or other convertible securities of the Company.
- (6) The Company adopted a non-executive director stock ownership policy and an executive management stock ownership policy. See Schedule 3 entitled "Corporate Governance Disclosure" and the subsection "Compensation and Human Resources Committee" starting on page S3-7 for a descriptions of those policies.
- (7) The exercise price is an amount equal to not less than 100% of the weighted average price of the Company's Class A Shares during the five day trading period preceding the date of grant.
- (8) The "Value of Unexercised Options" is calculated on the basis of the difference between the closing price of the Class A Shares on the TSX on March 30, 2016 (converted to "\$" using the Bank of Canada noon rate – Cdn\$1.00 to \$0.77) and the exercise price of the options multiplied by the number of unexercised options on March 30, 2016, vested and unvested.
- (9) The Technical Committee was newly formed in May, 2015 and held one meeting in 2015 since being established.
- (10) Dr. Faber became a member of the Nominating and Corporate Governance Committee in May 2015 and subsequently was appointed as the Chair of said committee in November 2015. The Nominating and Corporate Governance Committee held one (1) meeting during 2015 following the date of Dr. Faber's appointment.
- (11) Dr. Faber resigned as a member of the Compensation and Human Resources Committee in May 2015. During 2015, the Compensation and Human Resources Committee held two (2) meetings prior to his resignation.
- (12) Mr. Hayden resigned as a member of the Audit Committee in May 2015. During 2015, the Audit Committee held three (3) meetings prior to his resignation.
- (13) Ms. Mahler joined the Board in March 2015. The Board held five (5) meetings during 2015 following the date of Ms. Mahler's appointment.
- (14) Ms. Mahler became a member of the Audit Committee in May 2015. The Audit Committee held two (2) meetings during 2015 following the date of Ms. Mahler's appointment.
- (15) Ms. Mahler became a member of the Compensation and Human Resources Committee in May 2015. The Compensation and Human Resources Committee held one (1) meeting during 2015 following the date of Ms. Mahler's appointment.
- (16) Mr. Meredith resigned as the Chair of the Nominating and Corporate Governance Committee in November 2015 and remains a member of said committee.
- (17) Mr. Meredith will not stand for re-election as a director of Trevali Mining Corporation and Kaizen Discovery Inc. at the respective annual meeting of shareholders for such companies in 2016.
- (18) This includes 500,000 RSUs granted as part of the base long term incentive component of 2015 compensation and 1,250,000 RSUs awarded as part of the Zijin Special Bonus.
- (19) The RSUs awarded as part of the Zijin Special Bonus shall vest in three equal parts, each representing 33% of the RSUs, commencing on the one year anniversary of the date of grant and on each of the two anniversaries thereafter, subject to the RSU Performance Condition described on page S2-8.
- (20) Mr. Hushovd will not stand for re-election as a director of Nyrstar B.V. at its 2016 annual meeting of shareholders.

## SCHEDULE 2 – STATEMENT OF EXECUTIVE COMPENSATION

In accordance with the requirements of applicable securities legislation in Canada, the following executive compensation disclosure is provided in respect of each person who served as the Company's Chief Executive Officer (the "**CEO**") and Chief Financial Officer (the "**CFO**") during the 2015 fiscal year, and each of the three (3) other most highly compensated executive officers of the Company and its subsidiaries for the 2015 fiscal year, whose annual aggregate compensation exceeded Cdn\$150,000 (collectively, the "**NEOs**").

### Compensation Discussion and Analysis

#### Executive Summary

The purpose of the Company's compensation program for senior executives is to provide incentives to attract, motivate and retain qualified and experienced executives, to align their interests with the interests of the Company's shareholders, and to provide for transparent and defensible compensation.

- The Company's Compensation and Human Resources Committee ("**Compensation Committee**") was established by the Board in May 2012. Through the Compensation Committee, the Board is committed to the transparent presentation of its compensation program.
- The three principal elements of the compensation program are: (i) base salary; (ii) short term incentives (cash and/or shares); and (iii) long term incentives.
- Overall incentive compensation is awarded based on both short-term and long-term corporate objectives and individual performance objectives.

In 2013, the Company established a peer comparator group and an incentive compensation plan to target both short term incentives ("**STI**") (cash and/or shares) and long term incentives ("**LTI**") such as stock options, both as a percentage of base salary, with targets varying depending on the responsibilities of the various executive positions. In 2015, the Company's RSU Plan was approved by shareholders and RSUs were included as a component of LTI compensation. The Company's intention is to be less reliant on stock options as a component of LTI compensation, and more on award grants under the RSU Plan, which, through the use of performance conditions, better align individual performance with corporate achievement.

Each year, executives are tasked to develop a career path with short and long term key performance areas ("**KPAs**") and key performance indicators ("**KPIs**") which are approved by the CEO and agreed to by the Compensation Committee. In addition, corporate performance objectives are set. These KPAs and KPIs are then evaluated and individual incentive recommendations were made by management to the Compensation Committee which are intended to further the overall corporate objectives.

In 2015, the individuals who served as CEO, CFO and the other three most highly compensated executive officers were:

NEO	Position Held
Robert M. Friedland	Executive Chairman
Lars-Eric Johansson	President and Chief Executive Officer
Marna Cloete	Chief Financial Officer
Mark Farren	Executive Vice President, Operations
Martin Bawlf	Vice President, Corporate Development

## Compensation Committee

The Compensation Committee has the following objectives:

- provide strong incentive for management to contribute to the achievement of the Company's short term and long term goals;
- ensure the interests of the Company's executive officers and shareholders are aligned;
- enable the Company to attract, retain and motivate executive officers of the highest calibre in light of the strong competition in the Company's industry for qualified personnel; and
- provide fair, transparent, and defensible compensation.

In light of its objectives, the Compensation Committee has been assigned the following responsibilities:

- reviewing and approving corporate goals and objectives for the CEO's compensation, evaluating the CEO's performance and setting the CEO's compensation level;
- reviewing and making recommendations to the Board with respect to the adequacy and form of compensation and benefits for all executive officers and directors;
- administering and making recommendations to the Board with respect to the Company's incentive compensation plans and equity-based plans;
- recommending to the Board the CEO's performance evaluation, which takes into consideration the CEO's annual objectives and performance; and
- determining the recipients of, and the nature and size of equity compensation awards and bonuses granted from time to time.

All Compensation Committee members are independent directors. In 2015, the Compensation Committee met three times, once in person. All meetings of the Compensation Committee are documented in the form of meeting minutes. The Compensation Committee is made up of the following members, all of whom have experience in dealing with compensation matters:

- Mr. Ian Cockerill has served as the Chair of the Compensation Committee since its establishment in May 2012. During his 40 year career in the natural resources sector, Mr. Cockerill has held a variety of executive management and operational roles. Since 2002, he has acted as Chief Executive Officer of several publicly listed multi-national companies, as well as served on the boards and associated sub-committees of several of these companies. Mr. Cockerill has extensive experience with the design, motivation and implementation of compensation schemes in various international organizations, specifically in relation to working with external remuneration consultants across the globe.
- Mr. Oyvind Hushovd has served as a member of the Compensation Committee since its establishment in May 2012. Mr. Hushovd served on the compensation committee of global mining company, Cameco Corporation until May 2013, on the compensation and benefits committee of Canadian-based global mining company, Inmet Mining Corporation, until March 2013, and was a member of the compensation and benefits committee of LionOre Mining International Limited and Western Oil Sands Inc. prior to the sale of those companies in 2007. While gaining extensive experience as an executive of Falconbridge Limited and Gabriel Resources Ltd., Mr. Hushovd collaborated with professional remuneration consultants in respect of matters pertaining to the establishment and implementation of a number of compensation programs including senior management compensation programs.



- Livia Mahler has served as a member of the Compensation Committee since May 2015. Ms. Mahler has served as a member of the compensation committees for several other private and public companies, including the Former Ivanhoe Mines and Computational Geoscience Inc. In these capacities, Ms. Mahler worked with professional remuneration consultants on matters pertaining to executive and director compensation and has extensive experience developing and negotiating compensation packages for senior management personnel.

### **Outside Consultants and Peer Comparator Group**

In establishing policies covering base salaries, benefits, annual incentive bonuses, and long term incentives, the Compensation Committee takes into consideration the recommendations of management. When the Compensation Committee considers it necessary or advisable it may retain, at the Company's expense, outside consultants or advisors to assist or advise the Compensation Committee on any matter within its mandate. The Compensation Committee has the sole authority to retain and terminate any such consultants or advisors.

During 2013, the Compensation Committee engaged the services of the consulting firm Mercer Canada Ltd. ("**Mercer**") to assess executive pay levels, including base salary, short-term incentives, target total cash compensation, long-term incentives and target total direct compensation for approximately 20 positions (the "**2013 Mercer Study**"). Mercer provided the Compensation Committee with an evaluation against peer group comparators (see below) and recommendations for potential adjustments to compensation levels and pay mix between compensation components. Mercer was not engaged in 2015, nor was any other external consultant engaged to provide any similar services.

The 2013 Mercer Study used a combination of proxy and compensation market survey data. The comparator group consisted of, among others, Katanga Mining Ltd., Capstone Mining Corp., Hudbay Minerals Inc., Nevsun Resources Ltd., Agnico-Eagle Mines Ltd., Thompson Creek Metals Company Inc., First Quantum Minerals Ltd., Platinum Group Metals Ltd., Lonmin PLC, Impala Platinum Holding, Northam Platinum Ltd., Aquarius Platinum Ltd., African Minerals Ltd. and African Barrick Gold.

The Compensation Committee reviews and benchmarks executive compensation against the comparator peer group in order to align the Company's compensation with peer companies, and to seek to ensure competitive compensation is provided. The benchmarking data, along with other relevant factors, are used to develop a target compensation mix and an aggregate compensation package for each executive management position.

In keeping with its plan to engage a compensation expert at least once every three years, the Compensation Committee engaged Mercer in March 2016 to, among other things:

- provide an update on executive market trends and executive compensation market data;
- assist the Compensation Committee in selecting a new, appropriate comparator peer group; and
- conduct a detailed review of executive salaries and the Company's STI and LTI programs and make recommendations to the Compensation Committee in respect thereof.

### **Compensation Philosophy and Goals**

The Board has the responsibility of overseeing the Company's compensation program. The Board has delegated certain responsibilities to the Compensation Committee to assist in discharging this mandate, but retains final authority over the compensation program and process, including approval of material amendments to or the adoption of new equity-based compensation plans, and the review and approval of Compensation Committee recommendations.

The Compensation Committee oversees and sets the general guidelines and principles for the Company's executive compensation policies. The CEO makes recommendations to the Compensation Committee regarding the level and form of proposed compensation awards for the Company's executive officers, other than himself. The Compensation Committee assesses the individual performance of the executive officers and makes recommendations relating to compensation to the Board. Based on these



recommendations, the Board makes decisions concerning the nature and scope of the compensation to be paid to the Company's executive officers.

The Chairman of the Compensation Committee will meet with the CEO at least annually to discuss the status of corporate performance objectives set for the current year, recognizing the need for flexibility in such objectives in order for the Corporation to respond to changes in its external and internal circumstances, management's corporate performance objectives for the forthcoming year, and to complete the annual review of the CEO's performance. The Compensation Committee works with the CEO to evaluate the performance and set the compensation, including proposed salary adjustments and STI and LTI awards, for the NEOs and other members of executive management.

The Compensation Committee bases its recommendations to the Board on its compensation philosophy, the comparator peer group, the Compensation Committee's assessment of corporate and individual performance (including against performance goals and targets), recruiting and retention needs, and objectives for specific business units related to each individual. In the normal course, the Company's total compensation package is comprised of three principal elements: salary, STI awards (cash and/or shares), and LTI awards (stock options and/or RSUs).

The Company recognizes that at its pre-operational stage of development LTI awards of stock options and RSUs can help to preserve the Company's cash resources. With the establishment of the RSU Plan in 2015, the Company's intends to be less reliant on stock options as a component of LTI compensation, and more on RSU awards which, through the use of performance conditions, better align individual performance with corporate achievement.

NEOs and directors are not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps or collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director in accordance with the Company's Corporate Disclosure, Confidentiality and Securities Trading Policy.

## **Management of Risk**

In designing and implementing the Company's compensation policy, the Compensation Committee and the Board regularly assess the risks associated with the Company's policies and practices. During 2013, the Company first introduced the current incentive structure which focused on a number of objectives based on the short and long term strategic goals of the Company. In doing so, the Company avoids using a single metric, which in the Company's view could be distortive. Planned performance is now measured against actual achievements on a continuous basis, enabling the Board to react to any significant unanticipated risks. The Compensation Committee maintains sufficient discretion and flexibility in making compensation recommendations such that unintended consequences in remuneration can be minimized.

## **Key Compensation Decisions for 2015**

The principal components of executive compensation in 2015 consisted of base salary, STI awards (cash and/or shares) and LTI awards (stock options and/or RSUs) in accordance with the principal elements of the Company's compensation program.

Corporate performance objectives were set at the beginning of 2015 and included the following:

- The successful conclusion of a strategic process for the Kamoa and Kipushi projects;
- The finalization of a pre-feasibility study and the commencement of a feasibility study for phase 1 of the Kamoa project;
- The commencement of the twin decline at the Kamoa project, subject to funding;
- The continuation of the drill program at Kakula area of the Kamoa project;
- The completion of underground drilling and a development plan for the Kipushi project;
- The effective roll-out of the Fionet malaria prevention program in the Democratic Republic of Congo;

- The finalization of an optimization study and commencement of a feasibility study at the Platreef project;
- The completion of shaft 2 design at the Platreef project;
- To maintain or improve black economic empowerment targets at the Company's wholly owned South African subsidiary, Ivanplats Proprietary Limited;
- To commence negotiation of the long term surface leases and livelihood restoration programs at the Platreef project; and
- The appointment of essential staff to advance the Company's projects.

At the beginning of each fiscal year, individual performance objectives are established in conjunction with corporate performance objectives in view of the Company's broader operating plans. In the case of the NEOs, the judgment for 2015 performance was based on a mix of corporate objectives, objectives of the respective business units for which each executive has responsibility, individual performance objectives for each executive, discretionary assessment of overall job performance as well as consideration for retention purposes.

Name and Principal Position	NEO Performance Objectives
Robert M. Friedland Executive Chairman and Director	Development and execution of the overall strategic direction of the Company.
Lars-Eric Johansson President and Chief Executive Officer	<p>Development and execution of overall corporate strategy, and identification of potential joint venture and transaction partners.</p> <p>Oversight responsibility for Kamoa Project development, including governmental relations, funding strategy and feasibility study preparation.</p> <p>Oversight responsibility for drilling program and resource update the Kipushi Project, governmental relations and joint venture party relations</p> <p>Strategic guidance on advancement of the Platreef Project, including additional investment and feasibility study preparation.</p> <p>Oversight of funding and results impact of drilling program at the Kakula area of the Kamoa Project.</p> <p>Strategic guidance and promotion with government and stakeholders of Fionet malaria prevention program.</p> <p>Strategic guidance and support of black economic empowerment process at the Platreef Project.</p> <p>Responsibility of key staff appointments at the Platreef and Kamoa projects</p>
Marna Cloete Chief Financial Officer	<p>Contribute to the conclusion of the strategic process at the Kamoa project, including responsibility for efficient transaction tax structuring and relationship building with joint venture partner staff.</p> <p>Oversee and implement functional support structures (finance, legal, human resources and IT) at the Platreef Project in context of the project's feasibility study.</p> <p>Contribute to strategic guidance, oversee functional support and liaise with project partners in the context of the Platreef Project feasibility study process.</p> <p>Set strategy for surface lease acquisition at the Platreef Project and ensure legal compliance.</p> <p>Oversee functional support structures in support of development work at the Kipushi Project.</p> <p>Oversee functional support structures in support of project exploration work at the Kakula area of the Kamoa Project.</p> <p>Ensure compliance with South Africa's Mining Charter and set black economic empowerment strategy at the Platreef Project.</p> <p>Identify and appointment of key human resources positions at the projects of the Company.</p>

Name and Principal Position	NEO Performance Objectives
Mark Farren Executive Vice President, Operations	<p>Responsible for the technical site visits and such aspects relating to the strategic process for the Kamoa project.</p> <p>Oversee technical process for the finalization of the pre-feasibility study and commencement of the feasibility study for Phase 1 of the Kamoa project.</p> <p>Completion of underground drilling and development plan for the Kamoa project.</p> <p>Provide strategic guidance for the roll-out of the Fionet malaria prevention program in the DRC.</p> <p>Oversee the technical aspects for the finalization of an optimization study and the commence a feasibility study at the Platreef project.</p> <p>Complete appoint of key positions for decline construction at the Kamoa Project.</p> <p>Finalization of tender and contractor selection of the twin decline at the Kamoa project.</p> <p>Reorganize Company to facilitate in-house drilling capacity.</p>
Martin Bawlf Vice President, Corporate Development	<p>Development of strategy relating to the strategic process for the Kamoa project.</p> <p>Contribute to corporate and development plans relating to the Kamoa Project and contribute to the formulation of that project's development plans in the context of the Company's overall corporate strategy and pre-feasibility and feasibility study processes.</p> <p>Contribute to corporate and development plans relating to the Platreef Project and contribute to the formulation of that project's development plans in the context of the Company's overall corporate strategy and feasibility study process.</p>

### *Salaries*

In establishing base salaries for executive management during 2015, the Compensation Committee and Board relied on their experience and knowledge of comparable market salary levels for individuals in positions with similar responsibilities and experience, as well as contractual commitments negotiated at the time of hiring of certain NEOs. The Compensation Committee further relied on the 2013 Mercer Study to assess executive pay levels for 2015, which included comparative base salaries.

### *Short-Term Incentive Awards*

Short term incentive awards were linked to specific KPAs and KPIs which were determined per executive position and the extent to which certain agreed upon individual and corporate performance measures were achieved. Short term incentive awards consisted of cash and were expressed as a percentage of executives' base salary.

Taking into account the financial resources of the Company during early 2015, the Compensation Committee, on the recommendation of management, agreed to reduce the STI targets initially set in 2015 by half in order to seek to limit potential cash outflow pending completion of transactions later in 2015. Upon the successful conclusion of the Zijin Transaction in December 2015 and the Company's much improved cash position as a result, it was subsequently determined to increase the STI awards above the previously reduced STI target levels.

The following table sets forth the NEO's STI targets for 2015 compared to the STI awarded, each representing annual bonus targets expressed as a percentage of base salary:

<b>Name and Principal Position</b>	<b>Short Term Incentive Target (% of base salary)</b>	<b>Short Term Incentive Awarded (% of base salary)</b>	<b>Short Term Incentive Awarded (\$)<sup>(1)</sup></b>
Robert M. Friedland Executive Chairman and Director	37.5%	50%	\$325,000
Lars-Eric Johansson President and Chief Executive Officer	37.5%	50%	\$325,000
Marna Cloete Chief Financial Officer	25%	40%	\$99,303
Mark Farren Executive Vice President, Operations	25%	30%	\$98,046
Martin Bawlf Vice President, Corporate Development	15%	30%	\$102,256

**Notes:**

<sup>(1)</sup> This reflects base STI for 2015 and excludes the respective Zijin Special Bonuses detailed on page S2-8.

*Long Term Incentive Awards*

The 2015 LTI awards were granted following a review by the Compensation Committee and the Board of corporate performance and individual performance (including against established goals and targets) and achievement of specific KPAs and KPIs. Generally, the number of options and RSUs granted to any NEO is a function of the level of authority and responsibility of the NEO, the contribution the NEO made to the business and affairs of the Company, the number of options and RSUs the Company has already granted to the NEO, retention considerations, individual and corporate performance and such other factors as the Compensation Committee may consider relevant.

On December 15, 2015, the following options and RSUs were granted to the NEOs as a component of their 2015 compensation. Each option is exercisable at Cdn\$0.64 and expires on December 15, 2020. The options were granted in accordance with the Company's Equity Incentive Plan and shall vest in four equal parts, each representing 25% of the options, commencing on the one year anniversary of the date of grant and on each of the three anniversaries thereafter. The RSUs were granted in accordance with the default provisions of the RSU Plan and vest in three equal parts, each representing 33% of the RSUs, commencing on the one year anniversary of the date of grant and on each of the two anniversaries thereafter.

<b>Name and Principal Position</b>	<b>LTI Target (% of base salary)</b>	<b>LTI Awarded (% of base salary)</b>	<b>Number of RSUs Awarded<sup>(1)</sup></b>	<b>Number of Options Awarded</b>
Robert M. Friedland Executive Chairman and Director	75%	75%	500,000	1,100,000
Lars-Eric Johansson President and Chief Executive Officer	75%	75%	500,000	1,100,000
Marna Cloete Chief Financial Officer	50%	50%	200,000	500,000
Mark Farren Executive Vice President, Operations	50%	50%	250,000	600,000
Martin Bawlf Vice President, Corporate Development	30%	30%	100,000	250,000

**Notes:**

- (1) This reflects base LTI for 2015 and excludes RSUs awarded as part of the Zijin Special Bonuses detailed in the section following.

*Zijin Special Bonus*

On December 15, 2015, a special bonus (the “**Zijin Special Bonus**”) was awarded to the NEOs for their outstanding contributions toward the successful completion of the US\$412 million investment in the Kamo a Copper Project (the “**Zijin Transaction**”) by Zijin Mining Group Co., Ltd. (“**Zijin**”). The Zijin Special Bonus was payable as to 50% in cash and 50% in RSUs in the quantum noted in the table below. The RSUs were granted in accordance with the Company’s RSU Plan and shall vest in three equal parts, each representing 33% of the RSUs, commencing on the one year anniversary of the date of grant and on each of the two anniversaries thereafter, subject to the receipt by the Corporation of the remaining funds payable by Zijin in five equal installments over the eighteen month period following the closing of the Zijin Transaction on December 8, 2015 (the “**RSU Performance Condition**”). The first installment was received from Zijin on March 23, 2016.

Name and Principal Position	Number of RSUs Granted as Zijin Special Bonus <sup>(1)(2)</sup>	Cash Bonus Granted as Zijin Special Bonus <sup>(3)</sup>
Robert M. Friedland Executive Chairman and Director	1,250,000	\$600,000
Lars-Eric Johansson President and Chief Executive Officer	520,833	\$250,000
Marna Cloete Chief Financial Officer	260,417	\$125,000
Mark Farren Executive Vice President, Operations	156,250	\$75,000
Martin Bawlf Vice President, Corporate Development	364,583	\$175,000

**Notes:**

- (1) This excludes RSUs awarded as part of base LTI for 2015 detailed on page S2-7.
- (2) The RSUs are subject to the RSU Performance Condition.
- (3) This excludes cash payments made as part of base STI for 2015 detailed on page S2-6.

*Other Compensation*

The aggregate “other compensation” received by each NEO is disclosed in the “Summary Compensation Table” below. The Company does not provide its executive officers with a pension plan.

**Compensation Decisions and Structure for 2016**

In March 2016, the Compensation Committee engaged compensation advisor Mercer with the intention, among other things, to provide an update on executive market trends and executive compensation market data, assist the Compensation Committee in selecting a new, appropriate comparator peer group; conduct a detailed review of executive salaries and the Company’s STI and LTI programs, and make recommendations to the Compensation Committee in respect thereof. In recognition of challenging market conditions, the Compensation Committee and the Board have accepted management’s recommendations to keep the 2016 annual salaries of Mr. Friedland and Mr. Johansson at \$650,000, and Mr. Bawlf at £228,800 (\$344,828). In order to account for foreign exchange fluctuations, the 2016 annual salaries of Ms. Cloete and Mr. Farren will be adjusted to ZAR4,620,000 (\$317,499) and ZAR5,750,000 (\$395,155) respectively.

Under the Company’s executive compensation program, total direct compensation is intended to be comprised of annual base salaries, and STI and LTI awards, such awards intended to be based on the

achievement of pre-determined, measurable corporate and individual performance objectives, subject to approval by the Board and recognizing that the Compensation Committee and Board will retain a significant degree of discretion in making the ultimate compensation decisions. LTI awards may consist of awards of stock options and RSUs, and STI awards of cash and/or shares of the Company, each representing annual bonus targets expressed as a percentage of base salary, and the targets for 2016 are as set forth in the following table:

	<b>Executive Chairman and President &amp; CEO</b>	<b>Executive Vice Presidents and Chief Financial Officer</b>	<b>Vice Presidents</b>
Long Term Incentive	75%	50%	30%
Short Term Incentive	75%	50%	30%

The key corporate performance objectives for 2016 established for 2016 compensation decisions include the following, which may be revised from time to time in response to changes in operational requirements, project management or market conditions:

### **2016 Corporate Performance Objectives**

#### **Kamoa Project**

Complete transfer of the 15% interest to DRC Government

Establish separate structure for the Kamoa project to gear towards development.

Ensure the effective functioning of the joint venture with Zijin.

Ensure decline development work, surface infrastructure and early works are in line with the approved budget and work schedule, as approved and revised from time to time by the board of directors of Kamoa Holding Limited.

Finalize the pre-feasibility study and advance feasibility study options to recommendation stage.

Establish an in-house legal department and recruit key staff as necessary.

Maintain social license to operate and commence with relocation strategy and implementation.

Advance power project to meet electricity requirements for construction through to Phase 1 production.

Secure technical support agreement with technical consulting company on geotechnical design.

Advance project financing.

Advance exploration at the Kakula exploration area by presenting a strategy to the Kamoa Holding Limited Board.

#### **Platreef Project**

Advance feasibility study to 80% completion.

Continue shaft 1 sinking to -450m level.

Meet Social and Labour Plan commitments.

Secure bulk water supply.

Evaluate alternative power supply by presenting several options for discussion to the Ivanhoe Mines Board.

Secure additional funding as necessary.

Right size Platreef operations for future activities and re-skill geology staff where possible.

Maintain and improve black economic empowerment targets at Platreef.

#### **Kipushi Project**

Complete preliminary economic assessment.

Upgrade scoping study to feasibility study.

Continue strategic process.

Contain monthly burn rate.

Advance engineering for rehabilitation.

Letter of intent for transportation agreement.

Manage the relationship with the authorities, the various institutions of the DRC, as well as all relevant stakeholders.

Provide quarterly political and security risk review.

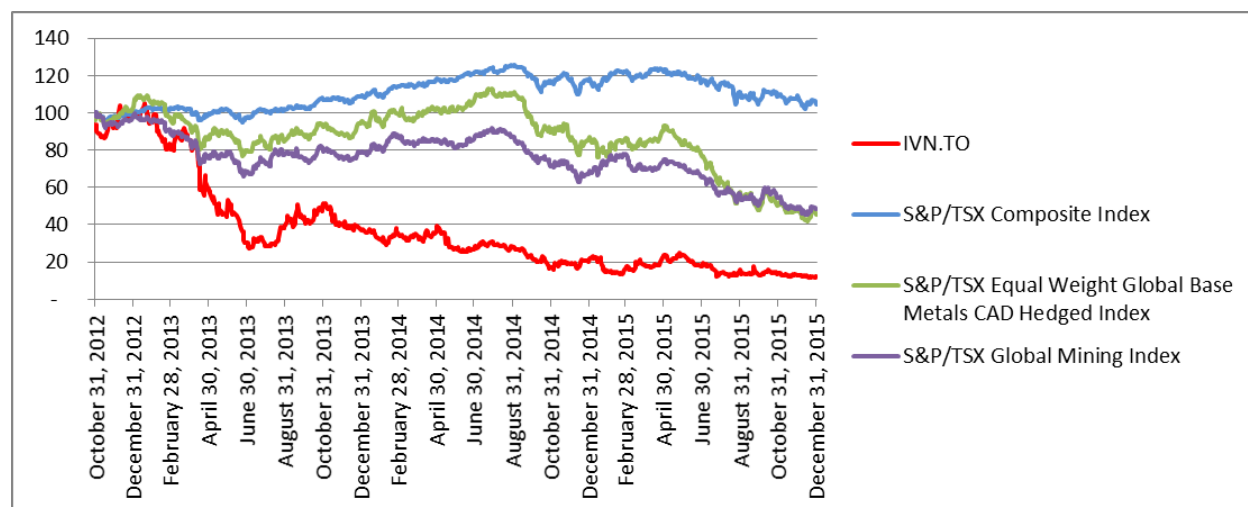
#### **Corporate**

Bring information systems in-house.

Strengthening finance and administration departments for increased activities.

### **Performance Graph**

The following graph shows the change in a Cdn\$100 investment in Ivanhoe Class A Shares since Ivanhoe's initial public offering in October 2012, compared to the S&P/TSX Composite Index, the S&P/TSX Equal Weight Global Base Metals CAD Hedged Index and the S&P/TSX Global Mining Index as at December 31, 2015.



The trend in overall compensation paid to the Company's executive officers over the period has not specifically tracked the performance of the market price of the Company's Class A Shares, or the S&P/TSX Composite Index.

### **Summary Compensation Table**

The following table sets forth the total compensation paid to, or earned by, the NEOs for the Company's most recently completed three financial years. All dollar figures stated herein are in U.S. dollars, unless otherwise specified.



Name and Principal Position	Year Ended Dec. 31	Salary	Share -Based Awards	Option -Based Awards <sup>(2)</sup>	All Other Compensation	Total Compensation
Robert M. Friedland Executive Chairman and Director	2015	\$650,000	\$857,500 <sup>(1)</sup>	\$646,931	\$927,932 <sup>(4)(5)</sup>	\$3,082,363
	2014	\$650,000	\$500,000 <sup>(3)</sup>	\$1,080,055	\$3,355 <sup>(4)</sup>	\$2,233,410
	2013	\$650,000	\$245,000 <sup>(3)</sup>	\$1,280,465	\$247,078 <sup>(4)(6)</sup>	\$2,422,543
Lars-Eric Johansson President and Chief Executive Officer	2015	\$650,000	\$500,208 <sup>(1)</sup>	\$914,248	\$589,211 <sup>(7)(8)</sup>	\$2,653,667
	2014	\$650,000	\$500,000 <sup>(3)</sup>	\$1,215,003	\$14,070 <sup>(8)</sup>	\$2,379,073
	2013	\$650,000	\$245,000 <sup>(3)</sup>	\$1,298,766	\$252,927 <sup>(8)(9)</sup>	\$2,446,693
Marna Cloete Chief Financial Officer	2015	\$285,484 <sup>(13)</sup>	\$225,604 <sup>(1)</sup>	\$397,859	\$241,654 <sup>(10)(12)(13)</sup>	\$1,150,601
	2014	\$336,833 <sup>(13)</sup>	\$91,403 <sup>(3)</sup>	\$316,376	\$103,249 <sup>(11)(12)(13)</sup>	\$847,861
	2013	\$277,413 <sup>(13)</sup>	\$58,488 <sup>(3)</sup>	\$141,381	\$69,674 <sup>(11)(12)(13)</sup>	\$546,956
Mark Farren Executive Vice President, Operations	2015	\$366,068 <sup>(13)</sup>	\$199,063 <sup>(1)</sup>	\$214,824	\$195,508 <sup>(13)(14)(16)</sup>	\$975,463
	2014	\$258,922 <sup>(13)(21)</sup>	\$58,941 <sup>(3)</sup>	\$88,658	\$67,648 <sup>(13)(15)(16)</sup>	\$474,169
	2013	—	—	—	—	—
Martin Bawlf Vice President, Corporate Development	2015	\$336,354 <sup>(17)</sup>	\$227,646 <sup>(1)</sup>	\$223,161	\$295,464 <sup>(17)(18)(20)</sup>	\$1,082,625
	2014	\$337,834 <sup>(17)</sup>	\$72,071 <sup>(3)</sup>	\$198,949	\$87,850 <sup>(17)(19)(20)</sup>	\$696,704
	2013	\$289,396 <sup>(17)</sup>	\$75,718 <sup>(3)</sup>	\$171,559	\$81,918 <sup>(17)(19)(20)</sup>	\$618,591

**Notes:**

- (1) The amounts shown represents RSU awards granted in December 2015. The value attributed to RSU awards was determined with reference to the fair market value at the date of grant. For accounting purposes, the fair value is expensed over the vesting period based on the number of RSUs estimated to vest, however the table includes the full fair market value of RSUs in the period granted. The value attributed to share based awards was determined with reference to the fair market value at the date of grant.
- (2) The value attributed to option grants was determined using the Black Scholes Model in accordance with the International Financial Reporting Standards ("IFRS") and the following assumptions: an estimated volatility equal to 63%; an estimated dividend yield of \$nil, a risk free rate of return equal to the rate currently available on federal government zero-coupon bonds with a term equal to the expected life of the option and an expected life approximating the term of the option.
- (3) The amounts shown represents bonus shares granted. The value attributed to share based awards was determined with reference to the fair market value at the date of grant.
- (4) Canada Pension Plan contributions and Employment insurance premiums to the value of \$2,932 was paid on behalf of Mr. Friedland in 2015 (2014: \$3,355; 2013: \$2,078).
- (5) In 2015, Mr. Friedland received a bonus of \$925,000, of which \$600,000 was the Zijin Special Bonus for the conclusion of the Zijin Transaction and the additional bonus of \$325,000 was to reflect the respective role and achievements, with a view to market levels of compensation and retention considerations.
- (6) Mr. Friedland received a bonus of \$245,000 to reflect the respective role and achievements, with a view to market levels of compensation and retention considerations.
- (7) In 2015, Mr. Johansson received a bonus of \$575,000, of which \$250,000 was the Zijin Special Bonus for the conclusion of the Zijin Transaction and the additional bonus of \$325,000 was to reflect the respective role and achievements, with a view to market levels of compensation and retention considerations.
- (8) In 2015, Mr. Johansson received \$3,950 in health benefits (2014: \$3,714; 2013: \$3,596), \$96 (2014: \$96; 2013: \$96) in Accidental Death and Dismemberment ("AD&D") insurance and \$10,165 (2014: \$10,260; 2013: \$4,235) in life cover.
- (9) In 2013, Mr. Johansson received a bonus of \$245,000 to reflect the respective role and achievements, with a view to market levels of compensation and retention considerations.
- (10) In 2015, Ms. Cloete received a bonus of \$224,303, of which \$125,000 was the Zijin Special Bonus for the conclusion of the Zijin Transaction and the additional bonus of \$99,303 was to reflect the respective role and achievements, with a view to market levels of compensation and retention considerations.
- (11) In 2014, Ms. Cloete received a bonus of \$91,403 (2013: \$58,488) to reflect the respective role and achievements, with a view to market levels of compensation and retention considerations.

- (12) In 2015, Ms. Cloete received \$17,210 in health benefits (2014: \$11,681; 2013: \$11,186).
- (13) This amount was received in South African Rand (ZAR) and has been converted from “ZAR” to “\$” using the average monthly exchange rate in the month of receipt.
- (14) In 2015, Mr. Farren received a bonus of \$173,046, of which \$75,000 was the Zijin Special Bonus for the conclusion of the Zijin Transaction and the additional bonus of \$98,046 was to reflect the respective role and achievements, with a view to market levels of compensation and retention considerations.
- (15) In 2014, Mr. Farren received a bonus of \$58,941 to reflect the respective role and achievements, with a view to market levels of compensation and retention considerations.
- (16) In 2015, Mr. Farren received \$22,321 in health benefits (2014: \$8,708).
- (17) This amount was received in Pound Sterling (GBP) and has been converted from “GBP” to “\$” using the average monthly exchange rate in the month of receipt.
- (18) In 2015, Mr. Bawlf received a bonus of \$277,256, of which \$175,000 was a success bonus for the conclusion of the Zijin deal and the additional bonus of \$102,256 was to reflect the respective role and achievements, with a view to market levels of compensation and retention considerations.
- (19) In 2014, Mr. Bawlf received a bonus of \$72,071 (2013: \$75,718) to reflect the respective role and achievements, with a view to market levels of compensation and retention considerations.
- (20) In 2015, Mr. Bawlf received \$4,658 in health benefits (2014: \$5,562; 2013: \$4,897), \$96 (2014: \$96; 2013: \$96) in Accidental Death and Dismemberment (“AD&D”) insurance, \$13,454 (2014: \$10,121) in personal savings plan contributions and \$0 (2014: \$0; 2013: \$1,207) in life cover.
- (21) Mr. Farren commenced employment with the Company in June 2014.

## Incentive Plan Awards

### *Outstanding Share – Based Awards and Option Based Awards*

The following table sets forth the options granted to the NEOs, to purchase or acquire securities of the Company outstanding at the end of the financial year ended December 31, 2015.

Name	Option-Based Awards				Market or payout value of share-based awards that have not vested <sup>(4)</sup>	Market or payout value of share-based awards that have vested <sup>(5)</sup>
	Number of Class A Shares underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(3)</sup>	Number of shares or units of shares that have not vested	
Robert M. Friedland	6,000,000 <sup>(1)</sup>	\$2.40	February 17, 2016	—	0	—
Executive	1,000,000	\$1.43 <sup>(2)</sup>	December 13, 2018	—	500,000	—
Chairman and Director	1,700,000	\$0.71 <sup>(2)</sup>	December 8, 2019	—	1,275,000	—
	1,100,000	\$0.46 <sup>(2)</sup>	December 15, 2020	—	1,100,000	—
Lars-Eric Johansson	2,500,000	\$3.00	April 20, 2017	—	500,000	—
	1,000,000	\$1.43 <sup>(2)</sup>	December 13, 2018	—	500,000	—
President and Chief Executive Director	1,700,000	\$0.71 <sup>(2)</sup>	December 8, 2019	—	1,275,000	—
	1,100,000	\$0.46 <sup>(2)</sup>	December 15, 2020	—	1,100,000	—
Marna Cloete	50,000	\$3.60 <sup>(2)</sup>	January 11, 2018	—	25,000	—
Chief Financial Officer	400,000	\$1.43 <sup>(2)</sup>	December 13, 2018	—	200,000	—
	500,000	\$1.05 <sup>(2)</sup>	August 15, 2019	—	375,000	—
	700,000	\$0.71 <sup>(2)</sup>	December 8, 2019	—	525,000	—
	500,000	\$0.46 <sup>(2)</sup>	December 15, 2020	—	500,000	—
Mark Farren	500,000	\$0.94 <sup>(2)</sup>	June 16, 2019	—	375,000	—
Executive Vice President, Operations	500,000	\$0.71 <sup>(2)</sup>	December 8, 2019	—	375,000	—
	600,000	\$0.46 <sup>(2)</sup>	December 15, 2020	—	600,000	—

Option-Based Awards							
Name	Number of Class A Shares underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(3)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested <sup>(4)</sup>	Market or payout value of share-based awards that have vested <sup>(5)</sup>
Martin Bawlf	100,000	\$3.00	March 22, 2017	—	20,000	—	—
Vice President,	100,000	\$3.60 <sup>(2)</sup>	January 11, 2018	—	50,000	—	—
Corporate	200,000	\$1.43 <sup>(2)</sup>	December 13, 2018	—	100,000	—	—
Development	600,000	\$0.71 <sup>(2)</sup>	December 8, 2019	—	450,000	—	—
	250,000	\$0.46 <sup>(2)</sup>	December 15, 2020	—	250,000	—	—

**Notes:**

- (1) All option grants reported reflect the amendments to the respective individual option agreements entered into by the Company with the concerned director or officer (the “**Option Agreements**”) as a result of the corporate reorganization (approved by the Company’s shareholders on May 26, 2011) (the “**Reorganization**”), including the five-for-one stock split.
- (2) Options issued with an exercise price expressed in Cdn\$. This amount has been converted from “Cdn\$” to “\$” using the prevailing exchange rate on date of grant.
- (3) Calculated as the difference between the closing market price of the Class A Shares on the TSX on December 31, 2015, and the exercise price of the options, multiplied by the number of vested, unexercised options. This amount has been converted from “Cdn\$” to “\$” using the prevailing exchange rate on December 31, 2015. No vested options held by NEO’s were in-the-money at December 31, 2015.
- (4) Calculated as the difference between the closing market price of the Class A Shares on the TSX on December 31, 2015, and the exercise price of the options, multiplied by the number of unvested options. This amount has been converted from “Cdn\$” to “\$” using the prevailing exchange rate on December 31, 2015.
- (5) Calculated as the difference between the closing market price of the Class A Shares on the TSX on December 31, 2015, and the exercise price of the options, multiplied by the number of vested options. This amount has been converted from “Cdn\$” to “\$” using the prevailing exchange rate on December 31, 2015.

*Incentive Plan Awards – Value Vested or Earned during the Year*

The following table sets forth the value vested or earned during the year of option-based awards, share based awards and non-equity incentive plan compensation paid to NEOs, during the most recently completed financial year.

Name	Option-based awards – Value vested during the year <sup>(1)</sup>	Share-based awards – Value earned during the year <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year
Robert M. Friedland	\$0	\$0	\$925,000
Lars-Eric Johansson	\$0	\$0	\$575,000
Marna Cloete	\$0	\$0	\$224,303
Mark Farren	\$0	\$0	\$173,046
Martin Bawlf	\$0	\$0	\$277,256

**Notes:**

- (1) The value vested during the year is calculated as the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) The value vested during the year is calculated as the aggregate dollar value of the RSUs under the RSU award on the vesting date.

## Termination and Change of Control Benefits

The Company has employment arrangements with each of its NEOs which may include letter agreements, employment agreements and option agreements. With the exception of Mr. Martin Bawlf, the immediately following summary sets out when termination payments would be payable to the Company's NEOs, during which time periods and in what circumstances:

- (a) if the Company terminates the NEO's employment without notice, payment in lieu of notice, severance payments, damages or any sums whatsoever for cause;
- (b) if the Company terminates the employment agreement on six months' notice or payment equal to six months' base salary, plus one additional month's notice, or payment in lieu, for each year of service from the date of commencement of employment to a maximum of 20 months' notice, or payment in lieu, to an NEO, and all of such NEOs unvested stock options are deemed to have vested, and all of such NEOs unexercised stock options remain exercisable until the earlier of twelve months following the date of such termination and the expiry date of such options;
- (c) if an NEO terminates the employment agreement on six months' notice to the Company without payment of severance; and
- (d) if a change of control occurs and, at any time during the twelve month period following such change of control, either (i) there occurs a termination of an NEO's employment by the Company, except for cause, or (ii) NEO resigns employment for good reason (as defined in the respective agreements for each NEO) then, in each case, in lieu of the payments on termination otherwise payable under the employment agreement, each NEO shall be entitled to receive a lump sum payment equal to his or her annual base salary, all of such NEOs unvested stock options will be deemed to have vested, and all of such NEOs unexercised stock options remain exercisable until the earlier of twelve months following the date of such termination and the expiry date of such options.

The immediately following summary sets out when termination payments would be made to Mr. Bawlf and in which time periods, and in what circumstances:

- (a) if the Company terminates the employment of Mr. Bawlf without cause, Mr. Bawlf is entitled to 16 weeks' notice or payment in lieu of notice and after five year's continuous service, Mr. Bawlf is entitled to 26 weeks' notice or payment in lieu of notice; and
- (b) if a change of control occurs and, at any time during the six month period following such change of control, the Company terminates Mr. Bawlf's employment (other than for gross misconduct) or Mr. Bawlf terminates his employment on notice to the Company, then Mr. Bawlf shall be entitled to payment equivalent to one year's basic salary.

For purposes of the employment agreements with the NEOs, a "change of control" will occur if, among other things, there is a merger, arrangement or similar transaction in which holders of the Company's Class A Shares prior to completion of the transaction hold less than 50% of the outstanding voting securities of the successor corporation or entity after the transaction (and in the case of Mr. Bawlf's agreement, there is also a change in at least 50% of the Board), or there occurs the direct or indirect acquisition by any person, or combination of persons acting jointly or in concert, of more than 50% of the voting rights attached to all outstanding voting securities of the Company (currently only the Class A Shares are outstanding), or a person comes to acquire the right to elect a majority of the Board.

The following is an estimate of incremental payments to the NEOs under the foregoing scenarios as at December 31, 2015:

Name	Payment of Severance	Benefits	In-the-money Value of Accelerated Options	Value of Accelerated RSUs	Total
<b>(a) Termination by the Company for cause</b>					
Robert M. Friedland	—	—	—	—	—
Lars-Eric Johansson	—	—	—	—	—
Marna Cloete	—	—	—	—	—
Mark Farren	—	—	—	—	—
Martin Bawlf	—	—	—	—	—
<b>(b) Termination by the Company by notice or payment in lieu of notice</b>					
Robert M. Friedland	\$541,667	—	—	—	\$541,667
Lars-Eric Johansson	\$794,840	\$7,105	—	\$149,910	\$951,855
Marna Cloete	\$391,127	\$7,113	—	\$67,619	\$465,853
Mark Farren	\$235,901	\$9,226	—	—	\$245,127
Martin Bawlf	\$100,418	\$5,436	—	—	\$105,854
<b>(c) Termination by the NEO on six months' notice<sup>(1)</sup></b>					
Robert M. Friedland	—	—	—	—	—
Lars-Eric Johansson	—	—	—	—	—
Marna Cloete	—	—	—	—	—
Mark Farren	—	—	—	—	—
Martin Bawlf	N/A	N/A	N/A	N/A	N/A
<b>(d) Termination following Change of Control</b>					
Robert M. Friedland	\$650,000	—	—	\$770,964	\$1,420,964
Lars-Eric Johansson	\$650,000	\$14,210	—	\$449,729	\$1,113,939
Marna Cloete	\$301,449	\$14,227	—	\$202,837	\$518,513
Mark Farren	\$375,180	\$18,452	—	\$178,974	\$572,606
Martin Bawlf	\$326,358	\$17,669	—	\$204,672	\$548,699

**Notes:**

- <sup>(1)</sup> Although no severance is payable if an NEO terminates the employment agreement on six months' notice, the NEO will still continue to receive the required compensation under his or her employment arrangement during the notice period.

**Compensation of Directors**

Retainers and Fees	Amount
Basic Annual Retainer for Non-Executive Directors	\$60,000
Lead Director Annual Retainer	\$40,000
Audit Committee Chair Annual Retainer	\$20,000
Compensation and Human Resources Committee Chair Annual Retainer	\$15,000
Nominating and Corporate Governance Committee Chair Annual Retainer	\$10,000
Sustainability Committee Chair Annual Retainer	\$10,000
Technical Committee Chair Annual Retainer	\$10,000
Meeting Fees (per Board and Committee meeting), paid annually	\$1,500

Retainers and Fees	Amount
Travel Fees (fee per day), paid annually	\$1,500

In 2012, the Company established a Deferred Stock Unit (“**DSU**”) plan to provide its non-executive directors with the opportunity to acquire DSUs in order to allow them to participate in the long term success of the Company and to promote a greater alignment of interests between the non-executive directors and the Company’s shareholders. DSUs are notional shares that mirror the market value of the Company’s shares and where the value of each unit is equal to the whole value of the underlying security. Issuances of DSUs for non-executive directors’ retainers or as annual incentives in lieu of option grants are less dilutive than fully exercised stock options, as no shares are issued from treasury. The Company’s DSU plan is administered by the Compensation Committee and Board which has the power to make decisions about the awarding of DSUs, including the vesting of such awards. Unless otherwise determined by the Board, DSUs will cease vesting when a director leaves the Board. Unless otherwise determined by the Compensation Committee or the Board at or after the award date, any DSUs outstanding but unvested prior to a change of control will vest upon a change of control.

Since its establishment in 2012, the DSU plan provided non-executive directors of the Company with a quarterly grant of 2,500 DSUs, originally valued at a time when the Company’s share price was approximately Cdn\$2.00. Beginning in January 2015, the portion of non-executive directors’ annual retainer to be paid in DSUs was set at \$20,000 and the number of DSUs awarded will be determined by the 5-day volume weighted average price of the Company’s Class A Shares on the first day of each quarterly period.

For the compensation received by directors who are executive officers, see “Summary Compensation Table” on page S2-10.

### Director Compensation Table

The following table sets forth the value of all compensation provided to non-executive directors, excluding those directors who are also NEOs, for the Company’s financial year ended December 31, 2015.

Name and Principal Position	Year Ended Dec. 31	Fees Earned	Share-based awards	Option-Based Awards <sup>(1)</sup>	All Other Compensation	Total Compensation
Ian Cockerill	2015	\$146,500	\$20,000	\$1,297	\$284	\$168,081
Markus Faber	2015	\$86,886	\$20,000	—	\$284	\$107,170
William Hayden	2015	\$90,000	\$20,000	—	\$5,417 <sup>(2)</sup>	\$115,417
Oyvind Hushovd	2015	\$114,500	\$20,000	—	\$284	\$134,784
William Lamarque	2015	\$90,000	\$20,000	—	\$284	\$110,284
Livia Mahler	2015	\$65,500	\$15,000	—	\$137	\$80,637
Peter Meredith	2015	\$89,614	\$20,000	—	\$284	\$109,898
Charles Russell	2015	\$101,500	\$20,000	—	\$284	\$121,784
Guy de Selliers	2015	\$79,500	\$20,000	\$1,297	\$284	\$101,081

**Notes:**

(1) The value attributed to option grants was determined using the Black Scholes Model in accordance with IFRS and the following assumptions: an estimated volatility equal to 63%; an estimated dividend yield of \$nil; a risk free rate of return equal to the rate currently available on federal government zero-coupon bonds with a term equal to the expected life of the option; and an expected life approximating the term of the option.

(2) In 2015, Mr. Hayden received consulting fees of A\$6,000 (\$4,688) for consulting services relating to Ivanhoe's Australian subsidiaries, A\$570 (\$445) superannuation was paid on his behalf and insurance premiums amounting to \$284.

**Outstanding Option-Based Awards**

The following table sets forth the options granted to non-executive directors, excluding those directors who are also NEOs, to purchase or acquire securities of the Company which were outstanding at the end of the financial year ended December 31, 2015.

Name	Option-Based Awards	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(2)</sup>
Ian Cockerill	125,000 <sup>(3)</sup>	125,000	\$2.40	17-Feb-2016	—	—	—
Markus Faber	—	—	—	—	—	—	—
William Hayden	—	—	—	—	—	—	—
Oyvind Hushovd	—	—	—	—	—	—	—
William Lamarque	—	—	—	—	—	—	—
Livia Mahler	—	—	—	—	—	—	—
Peter Meredith	—	—	—	—	—	—	—
Charles Russell	—	—	—	—	—	—	—
Guy de Selliers	125,000 <sup>(3)</sup>	125,000	\$2.40	17-Feb-2016	—	—	—

**Notes:**

(1) Calculated as the difference between the closing market price of the Class A Shares on the TSX on December 31, 2015, and the exercise price of the options, multiplied by the number of vested, unexercised options. This amount has been converted from "Cdn\$" to "\$" using the prevailing exchange rate on December 31, 2015.

(2) Calculated as the difference between the closing market price of the Class A Shares on the TSX on December 31, 2015, and the exercise price of the options, multiplied by the number of unvested options. This amount has been converted from "Cdn\$" to "\$" using the prevailing exchange rate on December 31, 2015.

(3) These options expired on February 17, 2016.

**Incentive Plan Awards – Value Vested or Earned during the Year**

The following table sets forth the value vested or earned during the year of option-based awards, and non-equity incentive plan compensation paid to directors, not including those directors who are also NEOs, during the most recently completed financial year.

Name	Option-based awards – Value vested during the year <sup>(1)</sup>	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
Ian Cockerill	\$1,297	\$20,000	—
Markus Faber	—	\$20,000	—
William Hayden	—	\$20,000	—
Oyvind Hushovd	—	\$20,000	—



<b>Name</b>	<b>Option-based awards – Value vested during the year<sup>(1)</sup></b>	<b>Share-based awards – Value vested during the year</b>	<b>Non-equity incentive plan compensation – Value earned during the year</b>
William Lamarque	—	\$20,000	—
Livia Mahler	—	\$15,000	—
Peter Meredith	—	\$20,000	—
Charles Russell	—	\$20,000	—
Guy de Selliers	\$1,297	\$20,000	—

**Notes:**

- <sup>(1)</sup> The value attributed to option grants was determined using the Black Scholes Model in accordance with IFRS and the following assumptions: an estimated volatility equal to 63%; an estimated dividend yield of \$nil; a risk free rate of return equal to the rate currently available on federal government zero-coupon bonds with a term equal to the expected life of the option; and an expected life approximating the term of the option.

## SCHEDULE 3 – CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (the “**Disclosure Instrument**”) requires the Company to annually disclose its corporate governance practices with reference to a series of corporate governance practices outlined in National Policy 58-201 – *Corporate Governance Guidelines* (the “**Guidelines**”).

The following is a discussion of each of the Company’s corporate governance practices for which disclosure is required by the Disclosure Instrument. Unless otherwise indicated, the Board believes that its corporate governance practices are consistent with those described in the Guidelines.

### Board of Directors

#### *Director Independence*

For the purposes of the Disclosure Instrument, a director is independent if he or she has no direct or indirect material relationship with the Company. A “material relationship” is one which could, in the view of the Board, reasonably be expected to interfere with the exercise of the director’s independent judgment. Certain specified relationships will, in all circumstances, be considered, for the purposes of the Disclosure Instrument, to be material relationships and render the director non-independent.

As of the date of this Management Proxy Circular, the Board consists of seven (7) individuals who are independent and three (3) individuals who are currently considered not independent, when applying the criteria prescribed by the Disclosure Instrument. Two current directors, Messrs. Russell and Lamarque will not be standing for re-election. If all of management’s nominees are elected as directors at the Meeting, the Board will consist of five (5) individuals who are independent and three (3) individuals who are not independent.

The current independent directors are: Ian Cockerill, Dr. Markus Faber, William Hayden, Oyvind Hushovd, William Lamarque, Livia Mahler and Charles Russell. Mr. Ian Cockerill has been appointed as the Lead Independent Director of Ivanhoe, whose mandate in this regard is to act in a leadership role on behalf of all independent directors.

Robert M. Friedland (the Executive Chairman of the Board), Peter Meredith, and Guy de Selliers are not independent for the purposes of the Disclosure Instrument. Mr. Friedland is the founder and Executive Chairman of the Company. Mr. Meredith has been determined to be not independent at this time by virtue of his historical business relationship with Mr. Friedland. Finally, Mr. de Selliers is not independent as a result of his material interest in HCF International Advisors, a firm who has provided financial advisory services to the Company.

The Board considers the independence of its members from time to time.

#### *Other Directorships*

For information respecting those companies that are reporting issuers (or the equivalent) in Canada or elsewhere in which any of the directors of the Company also act as directors, please see Schedule 1 of this Management Proxy Circular.

#### *Meetings of Independent Directors*

Meetings of the independent directors are held to update the independent directors on corporate developments since the last Board meeting. There were four (4) meetings of the independent directors held in 2015.

The Compensation Committee is comprised solely of independent directors. The Nominating and Corporate Governance Committee is comprised of a majority of independent directors but is chaired by an independent director. The independent directors on each committee at times go “in camera” in their

committee meetings and request that any non-independent directors and members of management who may be attending such meetings as guests excuse themselves. Any committee member can request that any part of a committee meeting be held on an in camera basis at any time. Accordingly, the Board believes that the committee meetings provide an adequate forum in which to facilitate open and candid discussion among the Company's independent directors. Each of the Nominating and Corporate Governance Committee and the Compensation Committee met three (3) times during 2015.

#### *Independence of Board Chair*

Robert M. Friedland, the Executive Chairman, is a non-independent director. However, Ian Cockerill, the Independent Lead Director of the Board, is an independent director. Mr. Cockerill's responsibilities include:

- providing a source of Board leadership;
- ensuring that the Board functions effectively and independently of management;
- overseeing the quality of the information sent to directors;
- acting as a facilitator with respect to interaction among the independent directors and between management and the independent directors;
- chairing any meetings of the independent directors held from time to time; and
- overseeing the governance obligations of the Board and its committees generally.

#### *Meeting Attendance Records*

For information concerning the number of Board and committee meetings held in 2015 and the attendance record of each director in respect of those meetings, please see the section entitled "Election of Directors" starting on page 14 of this Management Proxy Circular and Schedule 1.

#### *Mandate of the Board*

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

The Board recognizes its overall responsibility for corporate governance, and discharges that responsibility through the establishment and operation of its standing Nominating and Corporate Governance Committee, which is tasked with developing and implementing the Company's overall corporate governance approach.

As required by the BCBCA, the Board is responsible for supervising the conduct of the Company's affairs and the management of its business, including setting long term goals and objectives for the Company, formulating the plans and strategies necessary to achieve those objectives, supervising senior management in their implementation, and reviewing the principal risks inherent in the Company's business. Although the Board delegates the responsibility for managing the day to day affairs of the Company to senior management personnel, the Board retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business. The obligations of the Board must be performed continuously, and not merely from time to time, and in times of crisis or emergency the Board may assume a more direct role in managing the affairs of the Company.

The Board strives to ensure that actions taken by the Company are in the best interest of the Company's shareholders. The Board's strategic planning process includes annual and quarterly budget reviews and approvals and reviews of the operations and risk issues at each Board meeting which are required to

carry out the Company's growth strategy and to achieve its objectives. In addition to those matters that must, by law, be approved by the Board, the Board is required 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, the appointment of officers and non-delegatable matters prescribed by the BCBCA. The Board periodically reviews its mandate and supplements it as required from time to time.

The Board fulfills its statutory obligations through direct and indirect oversight, setting and monitoring policy, appointing committees and appointing officers of the Company. Specific responsibilities under the written mandate include the following:

1. Approving the issuance of any securities of the Company.
2. Approving the incurrence of any debt by the Company outside the ordinary course of business.
3. Reviewing and approving the annual and quarterly capital and operating budgets.
4. Reviewing and approving major deviations from the capital and operating budgets.
5. Approving the annual audited consolidated financial statements and interim consolidated financial statements, including the management discussion & analysis, information circulars, annual information forms, annual reports, offering memorandums and prospectuses.
6. Approving material investments, dispositions and joint ventures, and approving any other major initiatives outside the scope of approved budgets.
7. Reviewing and approving the Company's strategic plans, adopting a strategic planning process and monitoring the Company's performance.
8. Reviewing and approving the Company's incentive compensation plans.
9. Determining the composition, structure, processes, and characteristics of the Board and the terms of reference of committees of the Board, and establishing a process for monitoring the Board and its directors on an ongoing basis.
10. Appointing a Nominating and Corporate Governance Committee, an Audit Committee, a Compensation and Human Resources Committee, and any other committees from time to time, and delegating to any such committees powers of the Board as appropriate and legally permissible.
11. Nominating the candidates for the Board to the shareholders, based on recommendations from the Nominating and Corporate Governance Committee.
12. Providing an appropriate orientation and education program for new directors is provided.
13. Determining whether individual directors meet the requirements for independence under applicable regulatory requirements, separately or following a review by the Nominating and Corporate Governance Committee.
14. Monitoring the ethical conduct of the Company and ensuring that it complies with applicable legal and regulatory requirements.
15. Ensuring that the directors that are independent of management have the opportunity to meet regularly.
16. Reviewing its mandate and other Board and Company policies and the terms of reference for committees of the Board in place from time to time and propose modifications as applicable.

17. Appointing and monitoring the performance of senior management, formulating succession plans for senior management and the Board and, with the advice of the Compensation Committee, approving the compensation of senior management.
18. Ensuring policies and processes are in place for identifying principal business risks and opportunities for the Company, addressing the extent to which such risks are acceptable to the Company, and ensuring that appropriate systems are in place to manage risks.
19. Ensuring policies and processes are in place to ensure the integrity of the Company's internal control, financial reporting and management information systems.
20. Ensuring appropriate policies and processes are in place to ensure the Company's compliance with applicable laws and regulations, including timely disclosure of relevant corporate information and regulatory reporting.
21. Exercising direct control during periods of crisis.
22. Serving as a source of advice to senior management, based on directors' particular backgrounds and experience.
23. Ensuring that the directors have direct access to management and, as necessary and appropriate, independent advisors.
24. Ensuring evaluations of the Board and its committees are carried out at least annually.

## **Position Descriptions**

### *Executive Chairman*

The Board has not adopted a written position description for the Executive Chairman, Mr. Friedland, as his role has historically been unique and challenging to properly articulate in a written position description. To date the scope of duties of the Executive Chairman has been tailored to the unique skills, talents and mining business experience that Mr. Friedland possesses and includes strategic planning, corporate and business development, fundraising and value creation.

### *Committee Chairs and Lead Director*

The Board has adopted a position description for the Chair of each of the Audit Committee, the Nominating and Corporate Governance Committee, the Compensation Committee, and the Sustainability Committee. The Board also has adopted a position description for the Lead Director. The Board has not adopted a position description for the Chair of the Technical Committee at this time.

### *CEO*

The Board has adopted a written position description for the CEO. The CEO is responsible for the day-to-day operations of the Company, and, with the management team, pursues Board approved strategic initiatives within the context of authorized business, capital plans and corporate policies. The CEO is expected to report to the Board on a regular basis on short-term results and long-term business development activities.

## **Orientation and Continuing Education**

### *Board Orientation*

The Board is responsible for providing for the orientation and education of new members of the Board and all new directors are provided with copies of the Company's policies, although a formal orientation and education process has not been adopted. Prior to joining the Board, each new director is briefed by

management of the Company. This briefing includes an outline of the business and prospects of the Company, both positive and negative, with a view to ensuring that such director is properly informed to commence his or her duties as a director. Each new director is also given the opportunity to meet with the auditors and counsel to the Company, and to make site visits to the Company's properties. All directors are members of the Institute of Corporate Directors.

#### *Continuing Education*

Management and outside advisors provide information to the Board and its committees to keep the directors up-to-date with the Company, its business and the legal, regulatory and financial environments in which it operates, as well as with developments in the responsibilities of directors. In addition, directors are encouraged to take courses relevant to the Company and its business, particularly with respect to corporate governance and the mining industry.

#### *Director Term Limits and Other Mechanisms of Board Renewal*

The Company has not adopted term limits for its directors. The Board considers that given the nature of the business of the Company (the development of mines), and that mine development can routinely take more than a decade from discovery to first production, that the Company and its shareholders benefit from the experience brought to projects by Board members with significant experience and continuity of time serving the Company and its shareholders.

#### **Ethical Business Conduct**

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. In addition, the Company has adopted a Code of Business Conduct and Ethics (the "Code") which addresses the Company's continuing commitment to integrity and ethical behaviour. The Code establishes procedures that allow directors, officers and employees of the Company to confidentially submit their concerns to the Lead Independent Director regarding questionable ethical, moral, accounting or auditing matters, without fear of retaliation. The Audit Committee oversees and administers the Company's policies for the receipt and review of complaints or concerns, made in writing, by telephone or online using the Company's confidential and anonymous whistleblower reporting system, with respect to questionable accounting, internal accounting controls or auditing matters.

Compliance with the Code is maintained primarily through the reporting process within the Company's organizational structure.

A copy of the Code may be obtained upon request to the Vice President, Compliance and Corporate Secretary, 654 - 999 Canada Place, Vancouver, British Columbia, V6C 3E1, telephone 1-604-688-6630. In addition, the Code is available at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.ivanhoemines.com](http://www.ivanhoemines.com).

The Company uses a confidential and anonymous reporting system that allows individuals to report suspected illegal, unethical or improper conduct that may be in violation of the Code through the Internet or a toll-free telephone number. The reporting system is run by an independent third party and generates reports for the Company's Corporate Secretary and the Audit Committee. The Corporate Secretary reviews the reports with the Chair of the Audit Committee as they are received and investigates any alleged breaches of the Code and certain other Company policies on behalf of the Audit Committee and in consultation with the Audit Committee Chairman.

Certain members of the Board are directors or officers of, or have significant shareholdings in, other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Where such a conflict involves a particular Board member (i.e. where a Board member has an interest in a material contract or material transaction involving the Company), such Board member will be required to disclose his or her

interest to the Board and refrain from voting at the Board meeting of the Company considering such contract or transaction in accordance with applicable law. It is not always easy to determine whether a conflict of interest exists, so any potential conflicts of interest are encouraged to be reported promptly to a member of senior management who is independent of the potential conflict and who will assess the issue with the advice of legal counsel. In rare instances, if deemed appropriate, the Company may establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

### **Audit Committee**

The Audit Committee is comprised of Oyvind Hushovd (Chair), William Lamarque and Livia Mahler, each of whom is “financially literate” within the meaning of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) of the CSA. All Audit Committee members are “independent” within the meaning of NI 52-110. Mr. Lamarque will not be standing for re-election and a new member of the Audit Committee will be appointed subsequent to the Meeting.

The Company has adopted an Audit Committee charter which codifies the mandate of the Audit Committee, and specifically defines the 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.

A copy of the Audit Committee’s charter may be obtained upon request to the Vice President, Compliance and Corporate Secretary, 654 - 999 Canada Place, Vancouver. British Columbia, V6C 3E1, telephone 1-604-688-6630. In addition, the Audit Committee charter is included in each Annual Information Form filed by the Company and available at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.ivanhoemines.com](http://www.ivanhoemines.com).

The Company has complied with Section 5.1 of NI 52-110, and the disclosure required by Form 52-110F1 is included in the Company’s Annual Information Form under the heading “Audit Committee Information”.

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

The Board’s mandate includes monitoring the ethical conduct of the Company, ensuring that it complies with applicable legal and regulatory requirements and that appropriate policies and processes are in place to ensure the Company’s compliance with applicable laws and regulations, including timely disclosure of relevant corporate information and regulatory reporting. The Board recognizes its overall responsibility for corporate governance, and discharges that responsibility through the establishment and operation of its standing Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee, is comprised of Dr. Markus Faber (Chair), Ian Cockerill, Peter Meredith and Charles Russell, and has been established to assist the Board with the nomination of directors and to develop, monitor and implement the Company’s approach to corporate governance. Mr. Russell will not be standing for re-election and a new member of the Nominating and Corporate Governance Committee may be appointed subsequent to the Meeting.

While Mr. Meredith is not independent, the Board views his experience with public companies and his extensive network of finance and mining industry contacts to be a positive contribution to the Nominating and Corporate Governance Committee. The Board considers the presence of three senior and experienced independent directors to be sufficient to encourage an objective nominating process.

The role of the Nominating and Corporate Governance Committee is to, amongst other things: (i) identify individuals qualified to become members of the Board and Board committees, and recommend that the Board select such persons as nominees for appointment or election to the Board; (ii) develop and recommend to the Board corporate governance policies, practices and guidelines for the Company and to



make recommendations to the Board with respect to such corporate governance policies, practices and guidelines; (iii) establish such permanent or ad hoc committees as it deems necessary for the purposes of assisting in the corporate governance of the Company, and (iv) monitor the Company's Diversity Policy. All members have a working familiarity with the Company's corporate governance policies, practices and guidelines.

In fulfilling its responsibilities to identify individuals qualified to become members of the Board, the committee will consider: (i) the independence of each nominee; (ii) the experience and background of each nominee; (iii) the skill set of each nominee relative to the balance of skills required by the Board and its committees to meet their respective mandates; (iv) the past performance of directors being considered for election; (v) applicable regulatory requirements; (vi) the Diversity Policy and its objectives, and (vii) such other criteria as may be established by the Board or the Nominating and Corporate Governance Committee from time to time.

A copy of the Nominating and Corporate Governance Committee's charter may be obtained upon request to the Vice President, Compliance and Corporate Secretary, 654 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1, telephone 1-604-688-6630 and is available on the Company's website at [www.ivanhoemines.com](http://www.ivanhoemines.com).

### **Compensation and Human Resources Committee**

The Board's mandate includes reviewing and approving compensation for the directors and officers of the Company. The Board has established the Compensation Committee, which is currently comprised of Ian Cockerill (Chair), Oyvind Hushovd and Livia Mahler, each of whom is independent.

The individuals comprising the Compensation Committee have acted as directors and executive officers for a variety of publicly listed and private companies. As a group, such directors have considerable directorship experience. The Company believes that the directors' experiences in this regard are relevant to their responsibilities in considering and determining executive compensation and assists them to make informed decisions on the suitability of the Company's compensation policies and practices in light of the Company's business, its objectives and comparative market practices.

The Compensation Committee's mandate includes establishing an overall compensation policy for the Company and monitoring its implementation, with special attention devoted to executive management. In particular, the Compensation Committee is responsible for reviewing and making recommendations to the Board periodically regarding the Company's remuneration and compensation policies, including short and long term incentive compensation plans and equity-based plans (including the Equity Incentive Plan and the RSU Plan), bonus plans, and benefit plans (including the group life and health program). In this regard, the Compensation Committee has the authority to retain such independent advisors as it may deem necessary or advisable for its purposes. The Compensation Committee meets as many times as it deems necessary, but not less frequently than two times per year to fulfill its mandate. In 2015, the Compensation Committee met three (3) times.

In December 2012, the Company adopted a corporate policy to encourage non-executive directors to invest in the Class A Shares of the Company by requiring each non-executive director to hold Class A Shares having an aggregate market value equal to not less than one (1) times the basic annual retainer non-executive directors. Each non-executive director is expected to meet this minimum threshold by the later of (i) the third anniversary following his initial appointment or election to the Board and (ii) two (2) years following the date of adoption of the policy by the Company.

Recognizing that the market value of publicly traded equity securities fluctuates over time, this policy does not require a director to "top up". Once a director attains the minimum ownership threshold for the first time, he or she is considered to be in compliance with the policy for as long as he or she continues to hold at least the number of shares that he or she was required to hold as of the date that he or she first met the minimum threshold. Presently, the non-executive directors' basic annual retainer is \$60,000 and each non-executive director has met the current minimum market value threshold and is in compliance

with the policy with the exception of Ms. Mahler, who, having joined the Board of Directors in March 2015, has until March 2018 to meet the minimum ownership threshold.

The Company has also adopted a corporate policy to align the interests of the Company's executive management with the interests of its shareholders by requiring the executive officer to hold Class A Shares having an aggregate market value equal to not less than one (1) times his annual base salary within five years of the later of (i) the date of commencement of his or her employment as executive officer or (ii) the adoption of the policy by the Company. The Company adopted such policy in December 2013 and executive management is required to meet the ownership threshold by the later of (i) December 2018, or (ii) five years from the date of commencement of his or her employment as an executive officer.

The level of compensation for the Board and its committees will be reviewed periodically by the Compensation Committee, which makes recommendations to the Board with respect thereto.

A copy of the Compensation Committee's charter may be obtained upon request to the Vice President, Compliance and Corporate Secretary, 654 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1, telephone 1-604-688-6630 and is available on the Company's website at [www.ivanhoemines.com](http://www.ivanhoemines.com).

### **Board Committees**

In addition to the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, the roles of which have been discussed above, the Board has also created the Sustainability Committee and the Technical Committee.

#### *Sustainability Committee*

The Sustainability Committee consists of two independent directors in Charles Russell (Chair) and William Hayden, and one non-independent director in Guy de Selliers. The Board has determined that the input of management is important in reviewing the environmental affairs of the Company and the Sustainability Committee liaises with the management of Ivanhoe on an as needed basis. Mr. Russell will not be standing for re-election and a new member and Chair of the Sustainability Committee will be appointed subsequent to the Meeting.

The Sustainability Committee is responsible for establishing and reviewing the Company's safety, health and environmental policies; monitoring effectiveness of, and compliance with, such policies; and receiving audit results and reports from management regarding sustainability performance.

#### *Technical Committee*

The Technical Committee consists of Ian Cockerill, Charles Russell and Oyvind Hushovd, each of whom is independent. The Technical Committee was formed to assist the Board in fulfilling its oversight responsibilities in respect of monitoring and reviewing any matters of significance affecting mineral resources and reserves, project development, asset operations and other operational activities in respect of the exploration, permitting, construction and development of its mineral properties and projects. Mr. Russell will not be standing for re-election and a new member of the Technical Committee will be appointed subsequent to the Meeting.

### **Assessments**

In 2014, the Nominating and Corporate Governance Committee established a formal process for assessing the effectiveness of the Board as a whole, its committees and individual directors. As part of this annual process, directors complete a detailed questionnaire which provides for quantitative and qualitative ratings of their and the Board's performance in key areas and seeks subjective comment in each of those areas. The Chairman of the Nominating and Corporate Governance Committee reviews a summary report consolidating individual responses. The Nominating and Corporate Governance Committee also reviews the results of the self-assessment process, identifies areas requiring follow-up,

and reports to the Board on the results of the assessment process. Action plans to follow up on specific issues are monitored by the Nominating and Corporate Governance Committee.

Notwithstanding the foregoing, the Nominating and Corporate Governance Committee will, as part of its mandate: (i) examine the size and composition of the Board and recommend adjustments from time to time to ensure that the Board is of a size and composition that facilitates effective decision-making; (ii) identify and assess the necessary and desirable competencies and characteristics for the Board and the extent to which those competencies and characteristics are represented thereon; (iii) ensure that the Board has appropriate structures and procedures in order to function with the proper degree of independence from management; (iv) review practices and procedures of the Board in light of ongoing developments in securities law, stock exchange and regulatory requirements, and industry best practices, relating to matters of corporate governance; (v) consider the Board composition in light of the Diversity Policy and its goals and objectives, and (vi) review and reassess the adequacy of the Company's corporate governance policies, practices and procedures annually and recommend to the Board any changes deemed appropriate by it.

### **Majority Voting Policy**

In 2013, the Board adopted a majority voting policy, which requires that, in an uncontested election, any nominee for director with respect to whom a majority of the votes represented by proxies validly deposited prior to the Meeting are “withheld” from his or her election (a “**Majority Withheld Vote**”), submit his or her resignation to the Nominating and Corporate Governance Committee for consideration following the Meeting.

The Nominating and Corporate Governance Committee must consider the resignation, and make a recommendation to the Board whether or not to accept it. The Board must consider the recommendation of the Nominating and Corporate Governance Committee, and determine whether or not to accept the recommendation. A press release disclosing the Board's determination (and the reasons for rejecting the resignation, if applicable) must be issued within 90 days following the date of the Meeting.

Any director who tenders his or her resignation is not entitled to participate in any meeting of the Nominating and Corporate Governance Committee, if he or she is a member of that committee, or of the Board to consider whether his or her resignation should be accepted.

In a contested election, where the number of director nominees exceeds the number of directors to be elected, a plurality vote standard will continue to apply.

No director has received a Majority Withheld Vote since the implementation of the policy.

### **Diversity**

#### *Diversity Policy*

The Board has adopted a written diversity policy (“**Diversity Policy**”), which includes the identification and nomination of women directors, as well as diversity generally.

The Diversity Policy has as its objectives, the advancement of the representation of women and other minority groups on the Board, and the advancement and facilitation of a range of diversity initiatives throughout the Company.

The Diversity Policy requires that senior management implement steps throughout the organization to examine and implement the goals of the Diversity Policy, and to report periodically to the Board on its efforts to do so. The Board, through the Nominating and Corporate Governance Committee, is required to assess its composition in light of the Diversity Policy, and must consider potential candidates from all backgrounds when there is the need to fill vacancies on the Board.

The Diversity Policy permits the development of measurable objectives and diversity targets throughout the organization. These will be considered by the Board and Nomination and Corporate Governance Committee. Senior management is expected to develop measurable objectives and diversity targets at the project level.

The Nominating and Corporate Governance committee is required to review the effectiveness of the Diversity Policy on an annual basis.

#### *Director Identification and Selection Process*

The Diversity Policy requires the Board and the Nominating and Corporate Governance Committee to consider diversity, including the representation of women, on the Board, in identifying and nominating candidates for election or re-election to the Board.

#### *Representation of Women in Executive Officer Appointments*

Ivanhoe considers the level of representation of women in executive officer positions when making executive officer appointments.

#### *Targets Regarding the Representation of Women on the Board and in Executive Officer Positions*

Ivanhoe and the Board have not developed “targets” for the representation of women on the Board and in executive officer positions. The Diversity Policy permits the setting of such targets, and Ivanhoe continues to examine the appropriateness of establishing a “target” at all levels throughout the organization, and if so, what target would be appropriate in light of its jurisdiction of operations, industry, and organizational structure.

#### *Number of Women on the Board and in Executive Officer Positions*

The Board consists of one woman, representing 10% of the total number of directors. If all of management’s nominees for election as a director are elected, the Board will then consist of one woman representing 12.5% of the total number of the then eight (8) directors.

Ivanhoe has one woman who is an executive officer of the Company, its Chief Financial Officer. Including all of its major subsidiaries, Ivanhoe has two (2) female executive officers out of nine (9) constituting 22.2% of the executive officers. When all senior managers of the organization are considered, Ivanhoe has 11 female senior managers out of a total senior management staff of 44, representing 25% of senior management.