

**Notice of Annual General Meeting of Shareholders,
Explanatory Notes
and
Management Proxy Circular
of
IVANHOE AUSTRALIA LIMITED**

To be held on May 28, 2013

Dated: April 8, 2013

This is an important document that should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

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Level 13, 484 St. Kilda Road
Melbourne, Victoria
Australia, 3004

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**Notice of the Annual General Meeting of Shareholders
to be held on May 28, 2013**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of **IVANHOE AUSTRALIA LIMITED** (the "Company") will be held at Level 13, 484 St. Kilda Road, Melbourne, Victoria on Tuesday, May 28 2013 at 9.30 am. Australian Eastern Standard Time (the "Meeting") for the following purposes:

ITEMS OF BUSINESS:

1 FINANCIAL REPORT

To receive and consider the Financial Report and the reports of the Directors and Auditors of the Company for the year ended December 31, 2012.

2 REMUNERATION REPORT

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution:

"That the Remuneration Report (included in the Directors' Report) for the year ended December 31, 2012 be adopted."

The Remuneration Report is set out on pages 9-15 of the 2012 Annual Financial Report.

3 ELECTION OF DIRECTORS

To consider and, if thought fit, pass each of the following resolutions as ordinary resolutions:

- a) *"That Stewart Beckman who, being eligible, offers himself for election, is re-elected a Director of the Company."*
- b) *"That Stephen McIntosh who, being eligible, offers himself for election, is re-elected a Director of the Company."*
- c) *"If any other Director of the Company retires at the Meeting, and being eligible, offers themselves for re-election at the Meeting, to consider and, if thought fit, pass a resolution as an ordinary resolution, that such person be re-elected a Director of the Company."*

4 APPROVAL OF IVANHOE AUSTRALIA LIMITED'S 2013 REVISED LONG TERM INCENTIVE PLAN FOR EMPLOYEES

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the Company's Performance Rights Share Plan ("Revised Long Term Incentive Plan") ("RLTIP") described in the Explanatory Notes and Annexure A to this Notice, be approved for all purposes (including the issue of securities under the RLTIP for the purposes of ASX Listing Rule 7.2, exception 9)".

5 APPROVAL OF CHAIRMAN'S ACQUISITION UNDER THE LONG TERM INCENTIVE PLAN

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That the acquisition of securities (as summarised in the Explanatory Notes accompanying the Notice of Meeting) under the Ivanhoe Australia Limited Long Term Incentive Plan by the Chairman, Peter McMahon in respect of 2012 remuneration, be approved for the purposes of ASX Listing Rule 10.14 and all other purposes."

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6 APPROVAL OF MANAGING DIRECTOR'S LONG TERM INCENTIVE

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"For the purposes of complying with the provisions of Listing Rule 7.1 and Listing Rule 10.14 and for all other purposes, the Shareholders approve the proposed issue by the Company to Mr Robert Vassie of Performance Rights in accordance with the Ivanhoe Australia Revised Long Term Incentive Plan and as more particularly described in the Explanatory Memoranda of this document."

7 CHANGE OF COMPANY NAME

To consider and, if thought fit, pass the following resolution as a special resolution:

"That, in accordance with section 157 of the Corporations Act 2001 (Cth), the Company adopts the new name of Inova Resources Limited and Shareholders approve the Company changing its name to Inova Resources Limited with the effect from the day on which the Australian Securities and Investments Commission alters the details of the Company's registration."

8 CHANGES TO THE COMPANY'S CONSTITUTION

To consider, and if thought fit, pass the following resolution as a special resolution:

"That clause 48 of the Company's constitution be modified by inserting a new clause 48.A in the manner described in the Explanatory Notes that accompany this Notice of Meeting, with the change to take effect from the close of the 2013 Annual General Meeting"

The Company will transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

DATED at Melbourne, Victoria, this 8th day of April, 2013.

BY ORDER OF THE BOARD OF DIRECTORS



Annabelle Brooks
Company Secretary

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VOTING EXCLUSION STATEMENT

In accordance with section 250R(4) of the *Corporations Act 2001* (Cth), a vote on the resolution in Item 2 must not be cast (in any capacity) by or on behalf of any of the following persons:

- a) a member of the key management personnel details of whose remuneration are included in the remuneration report; or
- b) a 'closely related party' of such a member (such as a spouse (including defacto partner) or child of the member, a child of the member's spouse, a dependent of the member or the member's spouse, anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company, or a company the member controls),

unless the person casts a vote on the resolution as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution and the vote is not cast on behalf of a person described in paragraphs (a) or (b) above. Any vote cast in contravention of this exclusion will be taken not to have been cast.

Further, as the resolutions under Items 2, 4, 5 and 6 are connected directly or indirectly with the remuneration of members of the key management personnel of the Company (or the consolidated entity), under section 250BD of the *Corporations Act 2001* (Cth), a person appointed as a proxy must not vote, on the basis of that appointment, on the relevant resolution if:

- a) the person is either a member of the key management personnel for the Company (or the consolidated entity) or a 'closely related party' (as described above) of such a person; and
- b) the appointment does not specify the way the proxy is to vote on the resolution,

unless the person is Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company (or the consolidated entity). Any vote cast in contravention of this exclusion will be taken not to have been cast.

Additionally, in accordance with the ASX Listing Rules, the Company will disregard any votes on the resolutions under Items 2, 4, 5 and 6 by a Director of the Company (except, in relation to Item 4, one who is ineligible to participate in any employee incentive scheme in relation to the Company (including the RLTI)) and any associate of such a person. The Remuneration Committee made a recommendation to the Board to cease any further acquisition of shares under any Company share plan by Directors. The Board has accepted that recommendation. Accordingly, aside from item 5 requesting the approval of acquisition of shares by the Chairman, Peter McMahon, in respect of his 2012 remuneration, the only Director currently eligible to participate in the RLTI is Robert Vassie. The Company will disregard any votes on these resolutions by any Director of the Company and any associate of a Director. However, under the ASX Listing Rules (but subject to section 250BD of the *Corporations Act 2001* (Cth)), the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by a person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

NOTES:

- 1 The board of Directors of the Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) and the Company's constitution, that the Company's Shares quoted on the Australian Securities Exchange at 9:30 a.m. on Sunday, May 26, 2013 (Australian Eastern Standard Time), will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time. Accordingly those persons will be entitled to attend and vote at the Meeting.

2 On a poll, ordinary Shareholders have one vote for every fully paid ordinary Share held. On a show of hands every Shareholder present (in person or by proxy, attorney or body corporate representative) has one vote (subject to note 5 below).

3 A Shareholder entitled to vote at the Meeting has the right to appoint a proxy. A Shareholder who is entitled to attend and cast two or more votes at the Meeting may appoint up to two proxies to attend and vote at the Meeting on behalf of that Shareholder. If you require an additional proxy form, please contact Computershare Investor Services at the address(es) provided below.

4 If a Shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that Shareholder's votes that each proxy may exercise. If the appointment does not so specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded.

5 Where a Shareholder appoints two proxies, neither proxy is entitled to vote on a show of hands.

6 A proxy need not be a Shareholder of the Company.

7 Proxy forms must be signed by a Shareholder or the Shareholder's attorney or, if a corporation, executed under seal or in accordance with section 127 of the *Corporations Act 2001* (Cth) (if an Australian company) or signed by an authorised officer or attorney.

8 To be effective, completed proxy forms (together with any authority under which the proxy was signed or authenticated or a certified copy of the authority) must be returned:

for Australian Shareholders:

- a) by facsimile to Computershare Investor Services Pty Limited on 1 800 783 447 within Australia, or on +61 3 9473 2555 outside Australia; or
- b) by mail to:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia; or
- c) by hand to:
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, Abbotsford,
Victoria, Australia 3067; or
- d) by Internet voting: go to www.investorvote.com.au and follow the prompts (or www.intermediaryonline.com for intermediary online (custodian) subscribers only),

for Canadian Shareholders:

- a) by facsimile to Computershare Investor Services Inc. on 1 866 249 7775 within North America, or on 1 416 263 9524 outside of North America; or
- b) by mail to:
Computershare Investor Services Inc.
9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1; or
- c) by hand to:
Computershare Investor Services Inc.
9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1; and

in each case must be received by the applicable division of Computershare: (i) in Australia, no later than 9:30 am on Sunday, May 26, 2013 (Australian Eastern Standard Time); (ii) in Canada, no later than 2:30 p.m. on Friday, May 24, 2013 (Canadian Pacific Standard Time); or (iii) if for use at any adjournment of the Meeting, at least 48 hours before the time of the adjourned Meeting.

Subject to applicable Australian law, the ASX Listing Rules and the Company's constitution, a proxy may vote or abstain as he or she chooses except where the appointment of the proxy specifies the way the proxy is to vote on a particular resolution.

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An appointment of a proxy may specify the way the proxy is to vote on a particular resolution. If it does:

- a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
- b) if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- c) if the proxy is the chair of the Meeting, the proxy must vote on a poll and must vote that way; and
- d) if the proxy is not the chair, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If:

- a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at the Meeting;
- b) the appointed proxy is not the Chair of the Meeting;
- c) at the Meeting, a poll is duly demanded on the question that the resolution be passed; and
- d) either of the following applies:
 - (i) if a record of attendance is made for the Meeting, the proxy is not recorded as attending; or
 - (ii) the proxy does not vote on the resolution,

the chair of the Meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the Meeting.

If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.

If a Shareholder appoints the Chair of the Meeting as the Shareholder's proxy and does not specify how the Chair is to vote on an item of business, the Chair will, where possible, vote as proxy for that Shareholder, in favour of that item on a poll.

Unless otherwise provided for in the proxy's appointment or in any instrument appointing an attorney, the appointment of the proxy or the attorney will be taken to confer authority:

- a) to vote on: (i) any amendment moved to the proposed resolutions and on any motion that the proposed resolutions not be put or any similar motion; or (ii) any procedural motion, including any motion to elect the Chair, to vacate the Chair or to adjourn the General Meeting, even though the appointment may specify the way the proxy or attorney is to vote on a particular resolution; and
- b) to vote on any motion before the Meeting whether or not the motion is referred to in the appointment.

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EXPLANATORY NOTES

ITEM 1 – FINANCIAL REPORT

The *Corporations Act 2001* (Cth) requires the Financial Report (which includes financial statements, notes to the financial statements and Directors' declaration), the Directors' Report and the Auditor's Report to be laid before the Meeting. There is no requirement, either in the *Corporations Act 2001* (Cth) or the Company's constitution, for Shareholders to approve the financial report, the Directors' Report or the Auditor's Report.

Shareholders will be given a reasonable opportunity to ask questions and make comments on these reports, and on the business, operations and management of the Company.

ITEM 2 – REMUNERATION REPORT

Under the *Corporations Act 2001* (Cth):

- a) the Directors' Report must include a Remuneration Report; and
- b) a resolution that the Remuneration Report be adopted must be put to a vote at the Annual General Meeting.

Accordingly, Shareholders are asked to adopt the Company's Remuneration Report for the year ended 31 December 2012. The Remuneration Report is set out on pages 9-15 of the 2012 Annual Financial Report, which is also available on the Company's website <http://www.ivanhoeaustralia.com/s/AnnualReports.asp>.

The vote on this resolution is advisory only, and does not bind the Company or its Directors. However, Shareholders will be provided with a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

As a result of amendments to the *Corporations Act* which came into effect on 1 July 2011, known generally as the 'two strikes rule', Shareholders should note that the result of the vote on this item may affect the 2014 AGM. If 25 percent or more of votes cast on this resolution are voted against this item (constituting the 'first strike'), a resolution on whether to hold a further meeting to spill the Board (a 'spill resolution'), as required by the *Corporations Act*, would be put to Shareholders if a 'second strike' occurs at the 2014 AGM. If more than 50% of Shareholders vote in favour of the spill resolution the Company must convene a General Meeting ('spill meeting') within 90 days of the Company's 2014 AGM. This spill resolution would be included in the 2014 Notice of Meeting.

The Nomination, Governance and Remuneration Committee (the "Remuneration Committee") will take the discussion of this resolution and the outcome of the vote into account when considering the future remuneration arrangements of the Company.

Board Recommendation

The Board of Directors of the Company (the "Board"), while noting each Director has a personal interest in their own remuneration from the Company, unanimously recommends that Shareholders vote in favour of this resolution under Item 2.

ITEM 3 – ELECTION OF DIRECTORS

Under the Company's constitution and the ASX Listing Rules, a Director (other than the Managing Director) must retire from office at the conclusion of the third Annual General Meeting after the Director was last elected or appointed a Director.

Additionally, the Company's constitution requires that one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, must retire at the close of each Annual General Meeting. Robert Vassie, as the Chief Executive Officer and Managing Director, is not subject to such retirement by rotation and is not to be taken into account in determining the rotation of retirement of Directors.

Independent Non-Executive Directors Kyle Wightman, Ian R. Plimer and James E. Askew were re-elected at last year's Annual General Meeting, together with Lead Independent Non-Executive Director, Peter McMahon. Mr Neville Henwood, Mr Stewart Beckman and Mr Stephen McIntosh, all of whom were appointed on 7 May, 2012, were also elected as Directors at the Company's 2012 Annual General Meeting. Directors elected on the same day may agree amongst themselves or determine by lot which of them may retire.

Shareholders are being asked to consider the re-election at the Meeting of two Non-executive Directors, Mr Stewart Beckman and Mr Stephen McIntosh, who were appointed to the Board by the Directors on May 7, 2012 and ratified at the last Annual General Meeting and who, being eligible, offer themselves for re-election at the Meeting.

The profiles of the Directors offering themselves for re-election are set out below (and further information about them is included in the attached Management Proxy Circular).

Stewart Beckman

Stewart Beckman was appointed to the Board on May 7, 2012, as a Non-executive Director. Mr Beckman is Chairman of the Safety, Health & Environmental Committee.

Mr Beckman is Senior Vice President Operations and Technical at Turquoise Hill Resources Limited. Previously he was the General Manager (Technology & Innovation, Americas) of Rio Tinto Plc, based in Utah.

Mr Beckman has 22 years of experience in the mining and minerals processing industry, with the past 15 years working across a number of commodities in senior leadership roles at Rio Tinto Group companies, predominantly in operations and more recently, in the area of technology and innovation.

Board Recommendation

The Board recommends that Shareholders vote in favour of the resolution to re-elect Mr Beckman as a Director of the Company.

Stephen McIntosh

Stephen McIntosh was appointed to the Board on May 7, 2012, as a Non-executive Director. Mr McIntosh serves as a member of the Safety, Health & Environmental Committee.

Mr McIntosh is Head of Exploration for Rio Tinto Plc, where he leads Rio Tinto's 550 strong global team of employees, operating in some 18 countries. His career at Rio Tinto has spanned over 25 years where he has worked in more than 45 countries covering a broad range of commodities.

Board Recommendation

The Board recommends that Shareholders vote in favour of the resolution to re-elect Mr McIntosh as a Director of the Company.

ITEM 4 - APPROVAL OF IVANHOE AUSTRALIA LIMITED'S 2013 REVISED LONG TERM INCENTIVE PLAN FOR EMPLOYEES

The Board established the Ivanhoe Australia Limited Share Plan on 5 August 2008, prior to official listing on the ASX. The Share Plan was amended in August 2010 and approved by Shareholders at the Company's Annual General Meeting on 31 May 2011. The plan was further amended in October 2012 when it was renamed the 'Long Term Incentive Plan' ("LTIP"). As there has been considerable change, both within the Company and in the external environment of late, the Remuneration Committee has undertaken a review of the LTIP and a number of changes are proposed to ensure that it continues to reward the achievement of long term growth and the performance of the Company. The rationale and intended effect of these changes is outlined in some detail below and in Annexure A.

The proposed operation of the Revised Long Term Incentive Plan (RLTIP) incorporates changes designed both to simplify the Company's previous share plans and to align the RLTIP with best practice developments in corporate governance. In particular, after transition from the existing plans:

- The RLTIP will replace the existing plan, significantly simplifying the overall framework;
- The Performance Period will be extended to three years, as compared to graduated vesting under the existing plan in order to more appropriately recognise the long-term timeframes over which the business seeks to operate;
- There will be a 50/50 split with performance on Total Shareholder Return ('TSR') and time based vesting, with both on the 3 year cycle; and
- The definition of 'Change of Control' has been modified to align with a more modern approach to that term as outlined in Annexure A.

The Directors of the Company (through the Remuneration Committee) and in conjunction with the Company Secretary will be responsible for the operation of the RLTIP. Annexure A contains a summary of the main terms of the RLTIP for which the Company is seeking Shareholder approval, together with a description of the performance conditions which are intended to apply to the first awards. The summary should not be taken as affecting the interpretation of the rules of the RLTIP.

Listing Rule 7.1 provides that a company must not, subject to certain expectations, issue or agree to issue, during any 12 month period ordinary shares representing 15% or more of the number of ordinary shares on issue at the commencement of that 12 month period. The Company wishes to exempt the issue of securities under the RLTIP from contributing towards the 15% limit by obtaining Shareholder approval of the RLTIP under ASX Listing Rule 7.2, Exception 9(b). The exemption will last for a period of three years from the date of the Shareholder approval.

In the absence of approval under Listing Rule 7.2, Exception 9(b), grants under the RLTIP can still occur but are counted as part of the 15% limit which would otherwise apply during a 12 month period.

It should be noted that if resolution 4 is passed, it will authorise the adoption by the Company of the Revised Long Term Incentive Plan.

A voting exclusion applies to this item as set out in the Notice of Meeting.

TSX Requirements

Pursuant to the rules of the TSX, Shareholders must approve the Revised Long Term Incentive Plan and all unallocated rights issuable under it on implementation and every 3 years. However, under section 602(g) of the TSX Company Manual, the TSX will not apply its standards regarding security based compensation arrangements, such as the Revised Long Term Incentive Plan, where at least 75% of the trading value and volume over the six months immediately preceding notification occurs on the ASX. The Company's ordinary share trading meets this requirement and, accordingly, the Company has notified the TSX regarding the implementation of the Revised Long Term Incentive Plan and its reliance on the section 602(g) exemption.

ITEM 5 – APPROVAL OF CHAIRMAN'S ACQUISITION UNDER THE LONG TERM INCENTIVE PLAN

Under ASX Listing Rule 10.14, a Director of the Company must not acquire securities under the Ivanhoe Australia Long Term Incentive Plan ("LTIP") without Shareholder approval. Accordingly, Shareholder approval is being sought under this Listing Rule for proposed issues of Performance Rights to the Chairman, Peter McMahon.

Independent Non-Executive Directors were each entitled, as part of their remuneration for the year ended December 31, 2012, to be granted Performance Rights up to \$100,000 per annum at issuance, subject to Shareholder approval, or otherwise cash payments in lieu thereof.

Performance Rights in respect of 2012 remuneration for Mr McMahon were not approved at the 2012 General Meeting as Mr McMahon was appointed as a Director on 7 May 2012, only several weeks prior to the 2012 Annual General Meeting.

If Shareholder approval is obtained, it is intended that the Performance Rights will be issued 5 days after the 2013 Annual General Meeting based on the 5 day VWAP (volume weighted average price) up to and including 5 June 2013.

For illustrative purposes, based on the 5 day VWAP up to and including April 5, 2013 (\$0.24 per share, Mr McMahon's entitlement would be as shown in the table below).

Director	Date Appointed	Proportion of 2012 year served from appointment	No. of Rights (\$value / \$0.24)
P McMahon	7 May 2012	239 days / 366 days x \$100,000 = \$65,300.54	272,085

Mr McMahon has elected to take only 50% of his entitlement.

The Remuneration Committee made a recommendation to the Board to cease any further acquisitions of shares under any Company share plan by Directors. The Board has accepted that recommendation, with the exception of Item 6.

ITEM 6 – APPROVAL OF MANAGING DIRECTORS LONG TERM INCENTIVE

Mr Robert Vassie was appointed Managing Director and Chief Executive Officer of the Company on 14 January 2013. Pursuant to his contract of employment with the Company, he is entitled to an award of securities under the Company's Revised Long Term Incentive Plan (RLTIP) for 2013.

The purpose of the award is to align Mr Vassie's interests with the interests of Shareholders, and to encourage the achievement of performance goals and the growth of the Company's business.

The ASX Listing Rules require that any securities to be granted to a Director be approved by Shareholders.

Accordingly, Shareholder approval is sought for the purposes of ASX Listing Rules 7.1 and 10.14 for the proposed grant of rights to acquire fully paid ordinary shares in the Company (Performance Rights) to Mr Vassie, under and in accordance with his employment agreement.

Proposed Grant of Performance Rights

Subject to Shareholder approval, Mr Vassie will be granted a long term incentive ("LTI") award of Performance Rights equal in value to 75% of his Total Employment Cost ("TEC").

The Non-executive Directors consider that Mr Vassie's remuneration package (including his participation in the LTIP through the 2013 RLTIP grant) is reasonable and appropriate having regard to the circumstances of the Company and Mr Vassie's responsibilities as Managing Director and CEO.

If Shareholder approval is not received, the Company will need to consider other means of providing a long term incentive for the CEO, including providing a benefit to him in the form of cash or securities purchased on-market.

Under the RLTIP, eligible persons may be granted Performance Rights on terms and conditions determined by the Board from time to time. A Performance Right is a right to acquire a share in the Company, subject to the satisfaction of applicable vesting conditions including the achievement of Board determined performance hurdles.

In 2008, the Company adopted the LTIP and the LTIP rules (**2008 LTIP Rules**), which were amended in August 2010, April 2011 and October 2012. The Board has determined that the 2008 LTIP Rules should be updated and replaced with the RLTIP rules (**RLTIP Rules**) containing terms to reflect current market practice. As such, it is proposed that Mr Vassie will be invited to participate in the RLTIP pursuant to the RLTIP Rules and on the terms set out below, subject to Shareholder approval being obtained. Mr Vassie is the only Director currently eligible to participate in the RLTIP as the Board has accepted a recommendation by the Remuneration Committee to cease any further payments to Non-Executive Directors under any Company share plan.

A summary of the RLTIP Rules is set out in Annexure A to these Explanatory Notes.

Maximum entitlement under 2013 offer

Subject to Shareholder approval, Mr Vassie be granted 1,550,431 Performance Rights as his 2013 LTI award. This number has been determined by:

- multiplying Mr Vassie's TEC (\$599,500) by 75% (being the percentage of Mr Vassie's maximum LTI award that is payable under the terms of his employment agreement; and
- dividing the resulting value (\$449,625) by the volume weighted average price (VWAP) of ordinary shares in the Company over the 5 trading days up to and including 31 March 2013, namely \$0.29.

Specific terms applicable to the proposed grant to the CEO

Mr Vassie's LTI awards will operate under the Company's RLTI Rules (as described in Annexure A). The 2013 award only will have an accelerated vesting as detailed above.

The 2013 LTI award will be divided into three equal tranches, each tranche comprising one third of the total LTI award to be granted to Mr Vassie under the RLTI as follows:

- | | |
|------------|--|
| Tranche 1: | 516,810 Performance Rights, which will vest in full 5 Business Days following the 2013 Annual General Meeting; |
| Tranche 2: | 516,810 Performance Rights, which will vest on 31 March 2014, subject to the performance hurdles in the RLTI and |
| Tranche 3: | 516,810 Performance Rights, which will vest on 31 March 2015, subject to the performance hurdles in the RLTI |

As part of the negotiations entered into with Mr Vassie upon his appointment, the first tranche will vest immediately following the 2013 AGM for which approval is obtained. Vesting of the first tranche will not be subject to any performance or time-based service conditions.

The performance conditions that apply in respect of Tranches 2 and 3 will be as detailed in the RLTI Rules outlined in Annexure A.

Other information

In relation to the 2013 RLTI:

- there is no loan scheme operating in relation to the Performance Rights;
- the CEO is prohibited from hedging the Share price exposure in respect of the Performance Rights during the Performance Period applicable to those rights; and
- this is the first grant to the CEO under the RLTI.

Information required by Listing Rules

ASX Listing Rule 10.14

Under Listing Rule 10.14, an entity must not issue securities to a related party (such as a Director or a company controlled by a Director) under an employee incentive scheme without the approval of Shareholders. Accordingly, approval of Shareholders is sought for the purpose of Listing Rule 10.14 to enable the Company to make grants of Performance Rights, and subsequent issue or transfer of Shares to Mr Vassie.

ASX Listing Rule 10.15

(a) Previous awards

No Performance Rights were granted under the RLTIIP to the previous Chief Executive Officer of the Company, Ms Ines Scotland, as at the date of this report. No amount was payable for the Performance Rights. No other Performance Rights were issued to Mr Vassie under the Plan since the last approval at the Company's 2012 Annual General Meeting.

(b) Persons entitled to participate

Mr Vassie as the Chief Executive Officer of the Company is the only Director of the Company who is entitled to participate in the RLTIIP in respect of 2013 remuneration. There is no associate of a Director of the Company who is so entitled.

Disclosure of grants under the RLTIIP

Details of any securities, including Performance Rights, granted under the RLTIIP will be disclosed in the Company's Annual Report relating to the period in which those securities have been issued, and that approval for the issue of those securities was obtained under ASX LR 10.14.

Board Recommendation

The Board (excluding Mr Vassie) recommends that Shareholders vote in favour of Item 6 to approve the grant of Performance Rights under the RLTIIP to Mr Vassie.

A voting exclusion applies to this item as set out in the Notice of Meeting.

ITEM 7 - CHANGE OF COMPANY NAME

Item 7 is a special resolution and seeks Shareholder approval to change the name of the Company to Inova Resources Limited

The adoption of the new name under Item 7 is to be approved by Shareholders under section 157(1) of the Corporations Act. The change in name is required pursuant to an agreement between the Company's former Chairman, Robert Friedland and Turquoise Hill Resources Limited. That agreement required Canadian based Ivanhoe Mines Limited to change its name to Turquoise Hill Resources and similarly applies to Ivanhoe Australia Limited, making a change of Company name a necessity.

The change of name will take effect on the day that ASIC approves the change of name and does not affect the legal status of the Company. Notification must also be made to the TSX of the name change.

ITEM 8 - CHANGES TO THE COMPANY'S CONSTITUTION

As of 31 December 2012, the TSX introduced new requirements for annual elections of Directors of TSX listed entities. Section 461.1 of the TSX Company Manual requires that at each Annual Meeting, all Directors of a TSX listed entity must stand for re-election and all Shareholders must be permitted to vote on the election of all Directors.

The constitution currently provides for the ASX requirement, being a rotation of one third of the Directors (being the longest standing directors) at each Annual General Meeting. Accordingly, as the Company is also listed on the TSX, its constitution will require amendment to accord with section 461.1 of the TSX Company Manual.

Item 8 proposes an amendment to the constitution by insertion of a new clause 48.A set forth below.

Provided that the Company remains listed on the TSX, the notable effects of this amendment, if approved by Shareholders, are as follows:

- (a) at and from the Company's 2014 Annual General Meeting of Shareholders all Directors will retire and, subject to their consent, will stand for re-election at each Annual General Meeting; and
- (b) if at least 3 Directors are not elected at an Annual General Meeting, those Retiring Directors who stood for re-election will continue to hold office as Caretaker Directors for the purposes of calling and convening a further General Meeting of the Company to elect Directors.

If the amendment to the constitution is not approved by Shareholders, then:

- (a) the TSX will consider the Company not to be in breach of its requirements under section 461.1 of the TSX Company Manual; and
- (b) the Company must submit and recommend the same amendments for approval by Shareholders at an Annual General Meeting of Shareholders no later than three years after this Meeting.

48.A Vacation of Office – Toronto Stock Exchange Requirements

- (a) *Interpretation*
 - (i) *In this clause 48.A,:*
 - (A) **TSX** means the Toronto Stock Exchange operated by the TSX Group Inc. and including any other securities exchanges or markets operated by the TSX Group Inc.; and
 - (B) **TSX Rules** means the official rules, manuals and other operating requirements of the TSX from time to time, including but not limited to the TSX Company Manual.
 - (ii) *Notwithstanding any other provisions of this constitution to the contrary, this clause 48.A applies only during such time as the Company is admitted to the TSX and subject to the TSX Rules.*
 - (iii) *If any conflict or inconsistency arises between this clause 48.A and any clause of this constitution, this clause 48.A will prevail to the extent of such conflict or inconsistency.*
- (b) *Annual Retirement*
 - (i) *Subject to clause 48.A(b)(ii) at each AGM:*
 - (A) *All Directors (including the Managing Director) (**Retiring Directors**) must retire from office immediately before the election of Directors under clause 48.A(b)(i)C);*

- (B) All Retiring Directors are eligible for re-election at the AGM; and*
- (C) Resolutions to elect those Retiring Directors that have offered themselves for re-election must be put to a vote of Members entitled to vote at the AGM for the election of Directors (**Voting Members**).*
- (ii) In the event that the Company fails to elect or re-elect (as the case may be) at least 3 Directors at an AGM, the following provisions will apply:*
- (A) The retirement of those Retiring Directors who prior to the AGM offered themselves for re-election at the AGM will be deemed not to take effect until the close of the General Meeting referred to in clause 48.A(b)(ii)(B) **Caretaker Directors**;*
- (B) The Caretaker Directors must, as soon as possible, call and convene a further General Meeting of the Company in accordance with the constitution and the Corporations Act, for the purposes of electing Directors (**Second Meeting**);*
- (C) Until the Second Meeting is convened, the Caretaker Directors must only exercise those powers and duties of a Director of the Company under this constitution and the Corporations Act to the minimum extent required:*
- (1) To call and convene the Second Meeting; and*
- (2) To ensure the Company complies with its legal and contractual obligations; and*
- (D) A Retiring Director is eligible for election as a Director at the Second Meeting; and*
- (E) Resolutions to elect persons that have offered themselves for election must be put to a vote of Members entitled to vote at the Second Meeting.*

ANNEXURE "A"

Summary of the Revised Long Term Incentive Plan ("RLTIP")

Eligibility and grant of awards.

All full time employees of the Company, including the executive Director, are eligible to participate in the RLTIP. Grants will be made according to position, performance and potential with reference to external market practice. If a Participant leaves the Company's employment before the end of any vesting period then an award of Shares may be made, reduced pro rata, for the portion of the vesting period not worked. These circumstances are confined to: redundancy, resignation due to incapacity or death. Participants who resign or who are dismissed with notice or summarily dismissed after the end of the Performance Period, but before the RLTIP vests, will forfeit any entitlement. A minimum of three months continuous service in a permanent role during the RLTIP operational year is required to be eligible for entitlement to Performance Rights. Unless specifically agreed in an employment contract, this will require employees to have commenced employment with the Company prior to 1 October in any given year to be eligible. Eligible employees who change Work Levels permanently during the RLTIP plan will have any entitlement determined on their initial Work Level.

Conditional awards and individual limits

LTI awards under the RLTIP are made in March of each year and vest at the end of a three year Performance Period if performance and service conditions are satisfied. 50% of the award is subject to continued service and the remaining 50% of the award is subject to the relative Total Shareholder Return (TSR) performance of the Company measured against a Peer Comparator Group of companies.

The maximum LTI award is expressed as a percentage of Total Employment Cost ("TEC"). The percentage of LTI that applies to each Work Level seeks to reflect the level of impact those roles can have on the overall performance and strategic success of the Company.

Determination of vesting awards

Following the end of the period to which the performance conditions relate (the "Performance Period"), the extent to which they have been satisfied will be determined by the Directors and vested awards will be satisfied in the form of shares in the Company. Even if a performance condition has been satisfied, consistent with the power under the existing Share Plan, the Directors retain the discretion to reduce the level of vesting or determine that an award will not vest if they consider that the performance of a Participant, does not justify vesting to the extent otherwise determined.

Change in Control

If a Change of Control occurs, the Board (through the Remuneration Committee) will determine whether the RLTIP can continue, whether it should be replaced by equivalent new rights, or whether the existing Performance Rights should vest.

If it is determined by the Board that the Performance Rights should vest, then the proportion of existing Performance Rights held by the Participants will vest immediately as if all vesting conditions (if any) in connection with the Performance Rights have been satisfied and those Shares will be issued or transferred to the relevant Participants in respect of those Performance Rights. The proportion to vest is the same as the proportion that the number of days from the commencement of the Performance Period up to the day of the event or transaction concerned bears to the total number of days in the Performance Period. In addition, the Board may in its absolute discretion give written notice to each Participant stating that any or all of the Participant's unvested Performance Rights as determined by the Board have been vested. The Shares for those vested Performance Rights will be issued or transferred to the Participants.

A Change of Control will be deemed to have occurred under the following circumstances:

- Takeover bids - one or more offers are made under a takeover bid to acquire at least 50% of the Shares on issue, and the bidder under the takeover bid announces that the offer is unconditional or the bidder together with its associates acquires a relevant interest in at least 50% of the Shares; or
- Scheme of arrangement - a scheme of arrangement is proposed by the Company which may result in any person (together with its associate) acquiring a relevant interest in at least 50% of the Shares on issue immediately after the implementation of the scheme of arrangement, and the scheme is approved by the court at the second hearing; or
- Other events - pursuant to any other event or transaction, a person or a group of associated persons acquires or becomes entitled to acquire a relevant interest in at least 50% of the Shares on issue

No transfer restrictions

Any Shares issued or transferred under this clause will not be subject to any transfer restrictions.

Adjustment of Awards

On a variation of the capital of the Company, the number of Shares subject to an RLTIIP award may be adjusted in such manner as the Remuneration Committee determines and the advisors of the Company confirm to be fair and reasonable.

Amendments

Amendments to the rules of the RLTIIP may be made at the discretion of the Remuneration Committee. However, the provisions governing eligibility requirements, individual participation limits, the adjustments that may be made following a rights issue or any other variation of capital and the limitations on the number of Shares that may be issued pursuant to the plan cannot be altered to the advantage of Participants without prior Shareholder approval, except for minor amendments to benefit the administration of the RLTIIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or for the Group. The Committee may add to, vary or amend the rules of the RLTIIP in order that it may operate to take account of local legislative and regulatory treatment for Participants provided that the parameters of these arrangements will provide no greater benefits than the rules of the RLTIIP as summarised above.

Overall eligibility for the RLTIIP is discretionary and based on satisfactory performance

Eligibility for any RLTIIP is ultimately discretionary and is subject to an employee achieving a 'satisfactory' performance rating.

Performance Measures

A key purpose of the RLTIIP is to retain employees and align employee and Shareholder interest in the Company achieving strong, long term performance. The RLTIIP has 2 components:

- 50% of the award vests subject to continued service (retention hurdle); and
- 50% of the award vests subject to the relative Total Shareholder Return (TSR) of the Company (performance hurdle).

The Company's performance is measured by its relative performance against TSR compared to the TSRs achieved by a Peer Comparator Group at the end of the 3 year Performance Period.

TSR is the return to Shareholders provided by share price appreciation, plus dividends that are reinvested. TSR reflects both market growth through the share price and the Company's internal financial performance through dividends declared. The TSR proportion of the RLTI operates on the principle that the better the TSR of the Company compared with that of each of the Peer Comparator Group at the end of the Performance Period, the greater the number of Performance Rights that vest. The percentile ranking of the Company will dictate entitlement to the number of Performance Rights as follows:

Below 50 th percentile	0% of Performance Rights vest
50 th percentile	50% of Performance Rights vest
More than 50% percentile but less than 75% percentile	For each 1 percentile increase above 50% percentile, an additional 2% of Performance Rights vest
75 th percentile and above	100% of Performance Rights vest

If all of a Participant's Performance Rights referable to the TSR hurdle have not vested at the end of any Performance Period, those rights lapse.

For the purposes of assessing the Company's performance relative to other like companies, the following Peer Comparator Group will be used:

- Aditya Birla Ltd (ASX)
- Altona Mining Limited (ASX)
- Discovery Metals Limited (ASX)
- Highlands Pacific Ltd (ASX)
- Hillgrove Resources (ASX)
- Hot Chilli Ltd (ASX)
- Moly Mines Ltd (ASX)
- Rex Minerals Ltd (ASX)
- Tiger Resources Ltd (ASX)
- Augusta Resource Corp (TSX)
- Capstone Mining Corp (TSX)
- Copper Mountain Mining Corp (TSX)
- Imperial Metals Corp (TSX)
- Mercator Minerals Ltd (TSX)
- Taseko Mines Ltd (TSX)
- Thompson Creek Metals Company Inc (NYSE)

The definition of the "Peer Comparator Group" may be subject to change at the discretion of the Remuneration Committee, in order to provide flexibility to determine the most appropriate comparator group or groups, in respect of each future grants of Performance Rights made under the RLTI.

MANAGEMENT PROXY CIRCULAR

The Company is a Reporting Issuer in Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”) of the Canadian Securities Administrators, the following disclosure is required to be included with the Explanatory Notes.

Capitalized terms, used but not otherwise defined herein, shall have the meanings ascribed thereto in the Explanatory Notes which accompany this Management Proxy Circular.

PURPOSE OF SOLICITATION

The information contained in these Explanatory Notes and Management Proxy Circular is furnished to the holders of ordinary shares (“Shareholders”) of Ivanhoe Australia Limited (“Ivanhoe Australia”, “IAL” or the “Company”) (TSX:IVA) (ASX:IVA) by the management of the Company in connection with the solicitation of proxies to be voted at the Meeting to be held at 9:30 a.m. on May 28 2013, at Level 13, 484 St. Kilda Road, Melbourne, Victoria and at any adjournment thereof, for the purposes set forth in the Notice of Meeting and Explanatory Notes that accompany this Management Proxy Circular. Unless otherwise stated, this Management Proxy Circular contains information as at April 8, 2013.

APPOINTMENT AND REVOCATION OF PROXIES

A form of proxy pertaining to the Meeting is enclosed. A Shareholder entitled to vote at the Meeting has the right to appoint a proxy. A Shareholder who is entitled to attend and cast two or more votes at the Meeting may appoint up to two proxies (who need not be shareholders of the Company) to attend and vote on behalf of that Shareholder at the Meeting, either by inserting such person or persons name(s) in the blank space provided on the form of proxy or by completing another form of proxy. If you require an additional form of proxy, please contact the applicable division of Computershare Investor Services at the address(es) provided below.

If a Shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that Shareholder’s votes that each proxy may exercise. If the appointment does not so specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded.

Where a Shareholder appoints two proxies, neither proxy is entitled to vote on a show of hands.

A proxy may be either an individual or a body corporate. If you wish to appoint a body corporate as a proxy, you must specify in the proxy form:

- a) the full name of the body corporate appointed as proxy; and
- b) the full name or title of the individual representative of the body corporate at the Meeting.

Forms of proxy must be signed by a Shareholder or the Shareholder’s attorney or, if a corporation, executed under seal or in accordance with section 127 of the *Corporations Act 2001* (Cth) (if an Australian company) or signed by an authorised officer or attorney.

To be effective, completed proxy forms (together with any authority under which the proxy was signed or authenticated or a certified copy of the authority) must be returned:

for Australian Shareholders:

- a) by facsimile to Computershare Investor Services Pty Limited on 1 800 783 447 within Australia, or on +61 3 9473 2555 outside Australia;
- b) by mail to:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia;

- c) by hand delivery to:
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, Abbotsford,
Victoria, Australia 3067; or
- d) by Internet voting: go to www.investorvote.com.au and follow the prompts (or www.intermediaryonline.com for intermediary online (custodian) subscribers only).

for Canadian Shareholders:

- a) by facsimile to Computershare Investor Services Inc on 1 866 249 7775 within North America, or on 1 416 263 9524 outside of North America;
- b) by mail to:
Computershare Investor Services Inc.
9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1; or
- c) by hand to:
Computershare Investor Services Inc.
9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1;

and in each case must be received by the applicable division of Computershare: (i) in Australia, no later than 9:30 am on Sunday, May 26, 2013 (Australian Eastern Standard Time); (ii) in Canada, no later than 2:30 p.m. on Friday, May 24, 2013 (Canadian Pacific Standard Time); or (iii) if for use at any adjournment of the Meeting, at least 48 hours before the time of the adjourned Meeting.

A Shareholder who has given a proxy may revoke the proxy by notice in writing to the Company before the Meeting. A vote cast at the Meeting in accordance with an appointment of proxy is valid even if, before the vote was cast, the appointer revoked the proxy, unless written notification of the revocation is received by the Company before the Meeting.

Voting of Proxies

Shares represented by properly executed forms of proxy in favour of the persons designated on the enclosed form of proxy will be voted or withheld from voting in accordance with instructions made on the form of proxy in any ballot that may be called for. Where a Shareholder specifies a choice as to any matter to be acted upon, the Shares will be voted accordingly. Where the proxy is Chair, in the absence of such instructions such Shares will be voted in favour of the matters specified in the form of proxy.

Subject to corporate and securities law applicable to the Company, the ASX Listing Rules and the Company's constitution, a proxy may vote or abstain as he or she chooses except where the appointment of the proxy specifies the way the proxy is to vote on a particular resolution. If an appointment specifies the way the proxy is to vote on a particular resolution:

- a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
- b) if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- c) if the proxy is the Chair of the Meeting, the proxy must vote on a poll and must vote that way; and
- d) if the proxy is not the Chair, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If:

- a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at the Meeting;

- b) the appointed proxy is not the Chair of the Meeting;
- c) at the Meeting, a poll is duly demanded on the question that the resolution be passed; and
- d) either of the following apply:
- (i) if a record of attendance is made for the Meeting, the proxy is not recorded as attending; or
 - (ii) the proxy does not vote on the resolution,

Then the Chair of the Meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the Meeting.

If a proxy, other than those persons designated on the enclosed form of proxy, is not directed on how to vote on an item of business, the proxy may vote as he or she thinks fit.

If a Shareholder appoints the Chair of the meeting as the Shareholder's proxy and does not specify how the Chair is to vote on an item of business, the Chair will, where possible, vote as proxy for that Shareholder, in favour of that item on a poll.

Unless otherwise provided for in the proxy's appointment or in any instrument appointing an attorney, the appointment of the proxy or the attorney will be taken to confer authority:

- a) to vote on:
- i) any amendment moved to the proposed resolutions and on any motion that the proposed resolutions not be put or any similar motion; and
 - ii) any procedural motion, including any motion to elect the Chair, to vacate the Chair or to adjourn the General Meeting,

even though the appointment may specify the way the proxy or attorney is to vote on a particular resolution; and

- b) to vote on any motion before the Meeting whether or not the motion is referred to in the appointment.

At the time of printing of this Management Proxy Circular the management of the Company knows of no amendments or variations to be moved to the proposed resolutions, or of any other matters, to come before the Meeting.

Solicitation of Proxies

The enclosed form of proxy is solicited by and on behalf of management of the Company.

This Management Proxy Circular, the accompanying Notice of Meeting, Explanatory Notes and the enclosed form of proxy are to be mailed to Shareholders on or about April 29, 2013.

All expenses incurred in connection with the preparation, printing and mailing of the Notice of Meeting, Explanatory Notes, this Management Proxy Circular and the solicitation of proxies for use at the Meeting will be borne by the Company. In addition to solicitation by mail, the officers, Directors and regular employees of the Company may, without additional compensation, other than reimbursement for out-of-pocket expenses, solicit proxies personally or by telephone.

No person is authorised to give any information or to make any representations other than those contained in the Notice of Meeting, the Explanatory Notes and this Management Proxy Circular and, if given or made, such information or representations must not be relied upon as having been authorized to be given or made.

RECORD DATE AND VOTING SHARES

Voting Shares

The Company has an issued share capital consisting of fully paid ordinary shares ("Shares"). As of April 8, 2013, 725,277,451 Shares were issued and outstanding. On a poll, holders of Shares have one vote for every Share held. On a show of hands every Shareholder present (in person or by proxy, attorney or body corporate representative) has one vote (provided that where a Shareholder appoints two proxies, neither proxy is entitled to vote on a show of hands).

Record Date

The Board has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) and the Company's constitution, that the Shares quoted on ASX Limited at 9:30 a.m. on Sunday, May 26, 2013 (Australian Eastern Standard Time) (being at 4:30 p.m. on Saturday, May 25, 2013 (Canadian Pacific Standard Time)), will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time. Accordingly those persons will be entitled to attend and vote at the Meeting.

VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered Shareholders or the persons they appoint as their proxies (or their attorneys or body corporate representatives) are permitted to vote at the Meeting. However in Canada, in many cases, Shareholders are "non-registered" beneficial holders ("Non-Registered Holders") because the Shares they own are only beneficially held by them and are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust corporation through which they purchased the Shares. Shares beneficially owned by a Non-Registered Holder are registered either: (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company will have distributed copies of the Notice of Meeting and Explanatory Notes, this Management Proxy Circular, the form of proxy or a voting instruction form and the request form (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service corporation, will constitute voting instructions (often called a "voting instruction form") which the Intermediary must follow in respect of the Non-Registered Holder's Shares.

The purpose of the voting instruction form is to permit Non-Registered Holders to direct the voting of the Shares they beneficially own. Non-Registered Holders should carefully follow the instructions of their Intermediary in this regard, including those regarding when and where the voting instruction form is to be delivered. Should a Non-Registered Holder who receives a voting instruction form wish to attend and vote at the Meeting in person, the Non-Registered Holder will need to themselves become a registered Shareholder before 7:00 p.m. (Australian Eastern Standard Time) (being 2:00 a.m. (Canadian Pacific Standard Time)) on Friday, May 24, 2013 (and should contact their Intermediary for instructions as to how they may become a registered Shareholder).

Under the Company's constitution (and as is common for Australian companies), a registered Shareholder who is entitled to vote at the Meeting can appoint only a maximum of 2 proxies. Accordingly, as Intermediaries typically hold for more than 2 Non-Registered Holders, it is not possible to make available certain arrangements with respect to proxies that are common in Canada (such as a Non-Registered Holder itself completing a proxy

form or being appointed as the Intermediary's proxy to attend and vote at the meeting in respect of the Shares beneficially owned by the Non-Registered Holder).

VOTES NECESSARY TO PASS RESOLUTIONS

At the Meeting, Shareholders will be asked to consider both ordinary and special resolutions. In the case of an ordinary resolution, such resolution will be carried if a majority of the votes cast on the resolution are in favour of the resolution. In the case of a special resolution, such resolution will be carried if a special majority (being 75%) of the votes cast on the resolution (by members entitled to vote on the resolution) are in favour of the resolution.

VOTING EXCLUSION STATEMENT

In accordance with section 250R(4) of the *Corporations Act 2001* (Cth), a vote on the resolution in Item 2 must not be cast (in any capacity) by or on behalf of either of the following persons:

- a) a member of the key management personnel details of whose remuneration are included in the remuneration report; or
- b) a 'closely related party' of such a member (such as a spouse (including defacto partner) or child of the member, a child of the member's spouse, a dependent of the member or the member's spouse, anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company, or a company the member controls),

unless the person casts a vote on the resolution as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution and the vote is not cast on behalf of a person described in paragraphs (a) or (b) above. Any vote cast in contravention of this exclusion will be taken not to have been cast.

Further, as the resolutions under Items 2, 4, 5 and 6 are connected directly or indirectly with the remuneration of members of the key management personnel of the Company (or the consolidated entity), under section 250BD of the *Corporations Act 2001* (Cth), a person appointed as a proxy must not vote, on the basis of that appointment, on the relevant resolution if:

- a) the person is either a member of the key management personnel of the Company (or consolidated entity) or a 'closely related party' (as described above) of such a person; and
- b) the appointment does not specify the way the proxy is to vote on the resolution,

unless the person is Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company (or consolidated entity). Any vote cast in contravention of this exclusion will be taken not to have been cast.

Additionally, in accordance with the ASX Listing Rules, the Company will disregard any votes on Items 2, 4, 5 and 6 of the Notice of Meeting by a Director of the Company (except, in relation to Item 6, one who is ineligible to participate in any employee incentive scheme in relation to the Company (including the RLTIIP)) and any associate of such a person. The Remuneration Committee made a recommendation to the Board to cease any further acquisitions of shares under any Company share plan by Directors. The Board has accepted that recommendation. Accordingly, aside from Item 5, requesting approval of acquisition of shares by the Chairman, Peter McMahon, the only Director currently eligible to participate in the RLTIIP is Robert Vassie. The Company will disregard any votes on these resolutions by any Director of the Company and any associate of a Director. However, under the ASX Listing Rules (but subject to section 250BD of the *Corporations Act 2001* (Cth)), the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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

Except in the case of Directors or executive officers of the Company who are eligible to participate in the Revised Long Term Incentive Plan, the subject matter of business Item 6 (as more particularly described on pages 8 to 10 (inclusive)), no person who has been a Director or executive officer of the Company at any time since the beginning of its last completed financial year, any proposed nominee for a Director of the Company or any associate or affiliate of the foregoing, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting, except as disclosed in this Management Proxy Circular.

PRINCIPAL HOLDERS OF VOTING SHARES

The following table sets forth information as of April 8, 2013, with respect to:

- a) all persons known by the Company's Directors and executive officers to beneficially own, or control or direct, directly or indirectly, 10% or more of the Shares issued and outstanding on a non-diluted basis; and
- b) share ownership by the current Directors and executive officers of the Company as a group.

Name or Group and Municipality of Residence	Type of Ownership	Number of Issued Shares Owned ⁽¹⁾	% of Shares Outstanding
Turquoise Hill Resources Limited. ⁽²⁾ Vancouver, B.C., Canada	Indirect	409,488,666	56.53%
Directors & Executive Officers as a Group ⁽³⁾	Direct/Indirect	1,444,100	0.20%

Notes:

- ⁽¹⁾ The information as to Shares beneficially owned or controlled or directed that is not within the knowledge of the Company, its Directors or officers, has been furnished by the respective Shareholders or has been extracted from the register of shareholdings maintained by the Company through its share registry.
- ⁽²⁾ Turquoise Hill Resources Limited ("Turquoise Hill") holds its interest in the Company indirectly through its wholly owned subsidiary Ivanhoe Holdings Singapore Pte. Ltd.
- ⁽³⁾ Shares held by the current Directors and executive officers as a group do not include Shares issuable upon the exercise of incentive Performance Rights held, in aggregate, by the Directors and executive officers.

For personal use only

ELECTION OF DIRECTORS

Term of Office

The Company's constitution provides that the number of Directors of the Company shall be a minimum of three and a maximum of twelve, unless the Company determines otherwise by ordinary resolution passed at a General Meeting.

Under the Company's constitution and the ASX Listing Rules, a Director (other than the Managing Director) must retire from office at the conclusion of the third Annual General Meeting of the Company after the Director was last elected or appointed as a Director.

Additionally, the Company's constitution requires that one-third (1/3) of the Directors or, if their number is not a multiple of three, then the number nearest to but not more than one-third (1/3) of the Directors, must retire at the close of each Meeting. Robert Vassie, as the Chief Executive Officer and Managing Director, is not subject to such retirement by rotation and is not to be taken into account in determining the rotation of retirement of Directors.

Independent Non-Executive Directors Kyle Wightman, Ian R. Plimer and James E. Askew were re-elected at last year's Annual General Meeting, together with Lead Independent Non-Executive Director, Peter McMahon. Mr Neville Henwood, Mr Stewart Beckman and Mr Stephen McIntosh were also elected as Directors at the Company's 2012 Annual General Meeting. Directors elected on the same day may agree amongst themselves or determine by lot which of them may retire.

Shareholders are being asked to consider the re-election at the Meeting of two Non-executive Directors, Mr Stewart Beckman and Mr Stephen McIntosh, who were appointed to the Board by the Directors on May 7, 2012 and ratified at the last Annual General Meeting and who, being eligible, offer themselves for re-election at the Meeting.

Directors Seeking Re-election

The following table sets out the names of the Directors of the Company, including those who have offered themselves for re-election at the Meeting, their ages, all major offices and positions with the Company and any of its significant affiliates each now holds, each such person's principal occupation, business or employment, the period of time during which each has been a Director of the Company, the number of Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, all as at the close of business on April 8, 2013, and the number of Performance Rights to acquire Shares held by each as at April 8, 2013. All dollar amounts set out in the following tables reference Australian dollars.

[Continued on next page]



Stewart Beckman
 Vancouver, Canada
 Age: 45
 Director Since: May 2012

Director Status:
 Non-Independent
 Non-Executive Director

Areas of Experience:
 Mining and Minerals
 Processing

Mr Beckman was appointed a Director of the Company in May 2012, and is the Chairman of the Safety, Health and Environment Committee.

Mr Beckman is Senior Vice President Operations and Technical at Turquoise Hill Resources Limited. Previously, he was Regional General Manager (Technology & Innovation) – Americas at Rio Tinto Plc, based in Utah.

Mr Beckman has 22 years of experience in the mining and minerals processing industry, with the past 15 years working across a number of commodities in senior leadership roles at Rio Tinto Group companies, predominantly in operations and, more recently, the technology and innovation area.

Principal Occupation, Business or Employment

Senior Vice President – Operations & Technical of Turquoise Hill Resources Limited, from April 2012 to present; Regional General Manager Americas (Technology and Innovation) of Rio Tinto T&I Salt Lake City, from April 2010 to April 2012; General Manger Operations Greater Tom Price of Rio Tinto Iron Ore WA, from 2007 to April 2012.

Board/Committee Membership:	Attendance:		Public Board Membership:	
			Company:	Since:

Board of Directors	8 of 12 ⁽¹⁾	67%	-	-
Safety, Health and Environmental Committee	1 of 1	100%		
Total:	9 of 13	69%		

⁽¹⁾ Mr Beckman attended 1 meeting as a Board Nominee and was thereafter appointed to the Board on 1 May 2012

Shares Beneficially Owned, Controlled or Directed:

Nil

Performance Rights Held:

Nil

	<p>Mr McIntosh was appointed a Director of the Company in May 2012, and is a member of the Safety, Health and Environment Committee.</p> <p>Mr McIntosh is Head of Exploration for Rio Tinto Plc where he leads Rio Tinto's 550-strong global team of employees operating in some 18 countries. His career at Rio Tinto has spanned over 25 years where he has worked in more than 45 countries covering a broad range of commodities.</p>				
	<p>Principal Occupation, Business or Employment</p> <p>Global Head of Exploration of Rio Tinto Exploration Pty Limited, from July 2011 to present; Exploration Director of the Project Generation Group of Rio Tinto Exploration Pty Limited, from June 2006 to June 2011.</p>				
<p>Stephen McIntosh Singapore, Singapore Age: 49 Director Since: May 2012</p> <p>Director Status: Non-Independent Non-Executive Director</p> <p>Areas of Experience: Exploration</p>	<p>Board/Committee Membership:</p>	<p>Attendance:</p>		<p>Public Board Membership:</p>	
				<p>Company:</p>	<p>Since:</p>
	Board of Directors	11 of 12 ⁽¹⁾	92%	-	-
	Safety, Health and Environmental Committee	1 of 1	100%		
	Total:	12 of 13	92%		
<p>⁽¹⁾ Mr McIntosh attended 1 meeting as a Board Nominee and was thereafter appointed to the Board on 1 May 2012</p>					
<p>Shares Beneficially Owned, Controlled or Directed:</p>					
<p>Nil</p>					
<p>Performance Rights Held:</p>					
<p>Nil</p>					

NOTES:

See the section entitled "Canadian Corporate Governance Statement" starting on page 54 for a description of the reasons why the Company does not consider these nominees to be independent.

Name, Occupation and Security Holdings

The name, province or state of residence, position with and principal occupation within the five preceding years and total direct/indirect security holdings held, as at the date of this report, for each of the current directors of the Company are set out in the following table:

Name, Residence and Position ⁽¹⁾	Principal Occupation or Employment for the Last Five Years	Appointed	Number of Ordinary Shares
Directors			
Ian R. Plimer ⁽³⁾ South Australia, Australia <i>Independent Non-Executive Director</i>	Director of Lakes Oil NL, from January 2013 to present; Director of Niuminco Group Limited, from May 2011 to present; Director of Silver City Minerals Limited, from February 2011 to present; Professor of Mining Geology at the University of Adelaide, from 2006 to 2012; Director of Kefi Minerals Plc, from 2006 to present; Director of Ormil Energy Limited, 2010 to November 2011; Director of CBH Resources Limited, from 1998 to October 2010.	7 November 2007	165,975
Kyle Wightman ⁽⁴⁾ Victoria, Australia <i>Independent Non-Executive Director</i>	Director of Indophil Resources NL, from 2006 to present; Managing Director of Tait Capital Pty Ltd., from 2003 to present.	7 July 2008	300,000
James Askew ^{(3) (4)} Denver, USA <i>Independent Non-Executive Director</i>	Director of Asian Mineral Resources Corp, from 2011 to present; Director of Evolution Mining Limited, from 2010 to present; Director of OceanaGold Corporation, from 2006 to present, including periods as Executive Chair; Director of Gold Star Resources Limited, from 1999 till 2013; Director of Conquest Mining, from 2009 to 2010; Director of Eldorado Gold Corp, from 2007 to 2008; Director of Ausdrill Limited, from 1993 to 2010.	28 June 2011	-
Peter McMahon ⁽⁴⁾ Queensland, Australia <i>Chairman and Independent Non-Executive Director</i>	Chairman of Ivanhoe Australia Limited, from May 2012 to present; Director of Energy Resources Australia, from November 2012 and Chairman from February 2013 to present; Global Head of Business Evaluation of Rio Tinto, from September 2007 to his retirement in September 2009.	7 May 2012	-
Stephen McIntosh ⁽²⁾ Singapore, Singapore <i>Non-Executive Director</i>	Global Head of Exploration of Rio Tinto Exploration Pty Limited, from July 2011 to present; Exploration Director of the Project Generation Group of Rio Tinto Exploration Pty Limited, from June 2006 to June 2011.	7 May 2012	-
Stewart Beckman ⁽²⁾ Vancouver, Canada <i>Non-Executive Director</i>	Senior Vice President – Operations & Technical of Turquoise Hill Resources Limited, from April 2012 to present; Regional General Manager Americas (Technology and Innovation) of Rio Tinto T&I Salt Lake City, from April 2010 to April 2012; General Manger Operations Greater Tom Price of Rio Tinto Iron Ore WA, from 2007 to April 2012.	7 May 2012	-
Neville Henwood ⁽³⁾ Vancouver, Canada <i>Non-Executive Director</i>	General Counsel – Copper of Rio Tinto, from June 2010 to present; Senior Vice President – Legal and Corporate Secretary of Turquoise Hill Resources Limited from May to December 2012; Chief Counsel - Global Business Services of Rio Tinto, from October 2007 to June 2010.	7 May 2012	-

Name, Residence and Position ⁽¹⁾	Principal Occupation or Employment for the Last Five Years	Appointed	Number of Ordinary Shares
Robert Vassie Queensland, Australia <i>Chief Executive Officer and Managing Director</i>	Chief Executive Officer and Managing Director of Ivanhoe Australia Limited, from January 2013 to present; Managing Director – Strategic Optimisation of Rio Tinto, from November 2011 to January 2013; Global Practice Leader – Mining Technology of Rio Tinto Technology and Innovation, from July 2008 to November 2011; Global Practice Leader – Strategic Production Planning of Rio Tinto Technology and Innovation, from July 2007 to July 2008.	14 January 2013	-

- (1) The information as to country of residence and principal occupation has been furnished by the respective directors and officers individually.
- (2) Member of the Safety Committee.
- (3) Member of the Nomination Committee.
- (4) Member of the Audit Committee.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

During 2012, the Company introduced a Short Term Incentive Plan (STIP) and a Revised Long Term Incentive Plan (RLTIP) to better align employee remuneration to the success of the Company. There were no other significant changes in the Company's remuneration policy. The Remuneration Committee continued to set competitive compensation for executives, senior management and other employees of the Company. The Remuneration Committee obtains independent advice on the appropriateness of all compensation packages paid by the Company with reference to trends in comparative companies and the objectives of the Company's compensation strategy.

The Company's executive remuneration and compensation structures are designed to attract and retain suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creating value for Shareholders. The compensation structures take into account: (i) the capability and experience of executive officers; and (ii) the ability of officers of the Company to improve upon areas within their respective responsibilities. A key consideration in remuneration decisions is ensuring that the focus remains on driving and rewarding executive performance, incentivising achievement of the Company's strategic objectives and creating Shareholder value.

Remuneration Committee, Philosophy and Goals

The Remuneration Committee assists and advises the Board in fulfilling its responsibilities relating to Director and executive nominations, governance and remuneration issues (including human resources). The Remuneration Committee is composed of two independent Directors, James E. Askew (Chairman) and Professor Ian Plimer, and one non-executive Director, Neville Henwood. The Remuneration Committee endeavours to ensure that the Company has an executive management compensation structure that is both competitive and motivational in order to attract, retain and incentivize an executive management team that will enhance the sustainable growth and success of the Company.

The guiding principles for the Company's executive compensation philosophy, in approximately equal levels of importance, are:

- a) to ensure compensation incentives are strongly aligned with the achievement of the Company's strategic objectives and the creation of Shareholder value;
- b) to facilitate the attraction, motivation, and retention of high quality executive talent;
- c) to provide fair, transparent, and defensible compensation; and
- d) to align our executives' interests with those of our Shareholders.

In designing and implementing the Company's compensation policy the Remuneration Committee and the Board regularly assess, as part of their respective deliberations, the risks associated with the Company's policies and practices. The structure of incentive compensation for executives is designed not to focus on a single metric, which in the Company's view could be distortive. Planned performance is measured against actual achievements on a continuous basis so that the Board is able to react to any significant unanticipated risks.

In applying these principles during what is still the developmental period of the Company's growth, the Remuneration Committee maintains a degree of flexibility and subjectivity in making compensation recommendations, rather than applying structural objective compensation processes that are appropriate for a company whose major assets are in production.

Executive Compensation Programme

The Remuneration Committee engaged Mercer (Australia) Pty Ltd (“Mercer”) in February 2012 to assist in reviewing the Company’s previous Share Plan. The terms of the RLTIP reflect the recommendations contained in the Mercer report.

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

In setting compensation levels, the Remuneration Committee takes into account both an executive’s past performance, future expectations for performance and past issuances of Performance Awards. At the current stage of the Company’s growth, the Remuneration Committee maintains flexibility to allocate a higher percentage of overall targeted compensation in the form of performance based awards rather than cash compensation, which reflects the Company’s desire to link executive compensation with any future growth in Shareholder value.

How We Make Compensation Recommendations

The Remuneration Committee reviews and recommends to the Board the terms of the compensation philosophy and guidelines for the Company. As part of the review process, the Remuneration Committee examines the compensation of senior executive officers and employees, including annual salary and incentive policies and programs and makes recommendations to the Board with respect to same. The Remuneration Committee bases its recommendations to the Board on its compensation philosophy and on the performance of the individual and the Company. The Remuneration Committee also seeks advice from its independent compensation consultants in determining the appropriate level of compensation to recommend for the Company’s officers.

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

The Remuneration Committee reviews the total compensation of the senior executive officers, including salaries, performance award values, other compensation elements and other practices related to compensation in January / February of each year. The Remuneration Committee then sets each executive’s compensation target for the following year. Typically, this involves establishing their salary and granting Performance Awards. Regular salary adjustments become effective on March 1. The Remuneration Committee’s recommendations are reviewed and, when deemed appropriate, ratified by the Board.

In 2012, the Remuneration Committee worked with Mercer to set the compensation for senior executives. The Remuneration Committee presented compensation recommendations for each of the executive officers, including proposed salary adjustments, short-term incentive awards and long-term incentive award values. The Board subsequently determined the appropriateness of the recommendations based on the market data and recommended framework provided by the Remuneration Committee and its own evaluation of the individuals’ past and expected future performance.

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

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

Executive Compensation-Related Fees

Mercer received A\$17,325 in 2012 and A\$29,500 in 2011 in connection with its executive compensation advice to the Remuneration Committee.

All Other Fees

Mercer received A\$9,386 in 2012 and A\$19,500 in 2011 in connection with other compensation advice to the Remuneration Committee. Mercer's fees of A\$9,386 in 2012 were in respect of its preparation of severance and retention proposals and the valuation of Performance Rights in accordance with the requirements of AASB 2 Share Based Payments.

Compensation Elements

In 2012, the compensation of the Company's senior executives was comprised of three principal components - base salary, the issuance of awards under the Long Term Incentive Plan and a Short Term Incentive.

The Company does not maintain a pension plan for its senior executives. The Company has a statutory obligation to pay a minimum 9% superannuation contribution based on ordinary earnings and short term incentives. In Canada, the superannuation contributions would be referred to as mandatory pension contributions.

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

- (a) Base salary — Base salary is paid in cash and is the fixed amount of compensation for performing day-to-day responsibilities;
- (b) Long Term Incentive Plan (LTIP) — Awards under the LTIP are made to retain executives and build executive ownership.
- (c) Short Term Incentive (STI) — The STI is a variable amount of compensation paid for the achievement of key performance indicators that will be based on a combination of Company, team and individual goals.

In making compensation recommendations in respect of these elements, the Remuneration Committee considers both the cumulative compensation being granted to executive officers of the Company as well as internal comparisons amongst the Company's executives.

In 2012, the Remuneration Committee implemented short-term and long-term performance based incentives for all executives. The new compensation elements were aimed to drive performance, align compensation with achievement of the Company's short-term and long-term goals whilst creating Shareholder value and achieving strategic objectives as measured over multi-year periods.

The performance based incentives will be tailored to each executive's role in the Company with various weightings depending on the responsibilities of the executives. The performance incentives may include the Company's share price, earnings per share or production targets.

In exceptional circumstances, the Remuneration Committee will also consider awarding special recognition awards to senior executives, employees and other individuals, where certain special corporate achievements occur as a result of their significant efforts, particularly where such achievements provide for significant increases in Shareholder value.

The *Corporations Act 2001* (Cth) prohibits the hedging of remuneration of key management personnel. In particular, a member of the key management personnel of the Company, or a closely related party of such a member, must not enter into an arrangement (with anyone) if the arrangement would have the effect of limiting the exposure of the member to risk relating to an element of the member's remuneration that has not vested in the member, or has vested in the member but remains subject to a holding lock. Additionally, under the LTIP, each Participant is taken to have agreed not to hedge the Participant's exposure to the economic interest the Participant has in any Performance Right (or Performance Option) granted to it, unless and until the Performance Hurdles in relation to the Right (or Option) have been satisfied (where hedging means the Participant or its associate entering into any arrangement which has the effect or intended operation of protecting the Participant if the value of the Right (or Option) diminishes or which takes from the Participant any benefit if the value of the Right (or Option) increases).

Peer Comparator Group

In 2013 the Remuneration Committee selected a specific Peer Comparator Group of publicly-traded companies that will be updated annually based on research conducted by Mercer, or such other independent consultants as may be appointed from time to time, and input from the Remuneration Committee and management representatives. The selection criteria for the companies included:

- a) mining companies with significant project development activities underway;
- b) mining companies with listing on the TSX, ASX and/or which have dual listings;
- c) mining companies with current similar production profiles as envisaged by the Company; and
- d) mining companies with a comparable market capitalization.

The list of comparator organizations used in 2013 and their approximate market capitalizations at April 3, 2013 for purposes of establishing the comparator companies was comprised of the following companies (approximate market capitalization (in millions)):

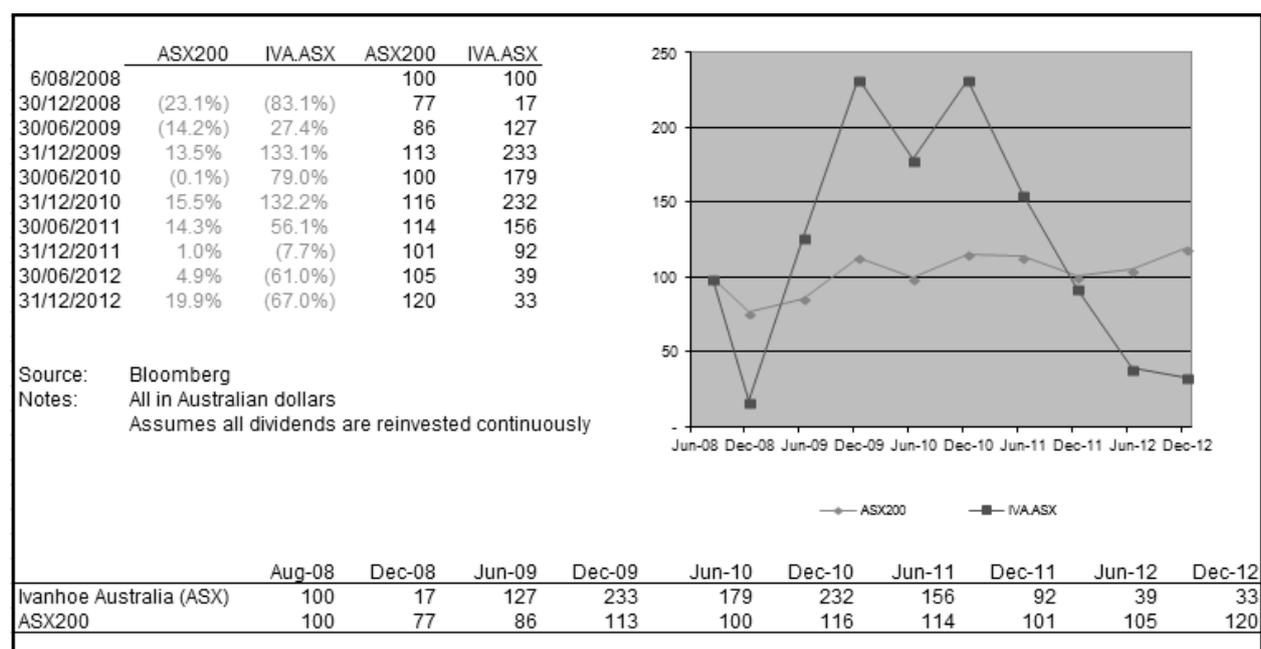
- Aditya Birla Ltd (A\$138m)
- Altona Mining Limited (A\$100m)
- Discovery Metals Limited (A\$263m)
- Highlands Pacific Ltd (A\$91m)
- Hillgrove Resources (A\$98m)
- Hot Chilli Ltd (A\$184m)
- Moly Mines Ltd (A\$42m)
- Rex Minerals Ltd (A\$85m)
- Tiger Resources Ltd (A\$205m)
- Augusta Resource Corp (CDN\$375m)
- Capstone Mining Corp (CDN\$860m)
- Copper Mountain Mining Corp (CDN\$268m)
- Imperial Metals Corp (CDN\$1,100m)
- Mercator Minerals Ltd (CDN\$113m)
- Taseko Mines Ltd (CDN\$525m)
- Thompson Creek Metals Company Inc (USD\$505m)

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The Remuneration Committee will compare the Company’s executives to the incumbents in the Peer Comparator Group that appear to be performing similar job functions. Where market data for the “functional” roles is not available, data will be provided on a “ranking” basis (for the ranking match, the top five executives in the comparator organizations are ranked in order of their total cash compensation from highest to lowest). The Company’s executives will be matched to the Peer Comparator Group executives on the same basis.

The definition of the “Peer Comparator Group” may be subject to change at the discretion of the Remuneration Committee, in order to provide flexibility to determine the most appropriate comparator group or groups, in respect of each future grant of Performance Rights made under the RLTIIP.

Comparative Performance Chart – Ivanhoe Australia vs. S&P ASX 200 Index



Other Elements of Executive Compensation

The Company provides all employees with salary continuance insurance. The Company also provided health insurance benefit to Mr Reeve and car lease payment benefits to Mr Millman. As part of contractual arrangements, some Executive’s receive car parking benefits at the head office location. See “Summary Compensation Tables” below.

Annual Salary Compensation

In 2012, the Remuneration Committee worked with Mercer to set the compensation for senior executives. The Remuneration Committee presented compensation recommendations for each of the executive officers, including proposed salary adjustments, short-term incentive awards and long-term incentive award values. The Board subsequently determined the appropriateness of the recommendations based on the market data and recommended framework provided by the Remuneration Committee and its own evaluation of the individuals' past and expected future performance.

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

See "Summary Compensation Tables" below for a comparison of salary levels as at 31 December 2012, 31 December 2011 and 31 December 2010.

Annual Bonus Compensation

The Company has implemented an annual Short Term Incentive Plan (STIP) to introduce an "at risk" component into employee remuneration, linked to the success of the Company. The STIP applies to all permanent employees from 1 October 2012.

The Short Term Incentive (STI) period will be annually per calendar year, with payment at the end of Q1 after the release of the annual financial statements. The STI will be expressed as a percentage of Total Employment Cost (TEC).

For the 2012 year, the STI, paid in March 2013, was based only on Business Performance Measures, including a discretionary component. From the 2013 year, the STI will be based on:

- 55% Business Performance Measures, including a discretionary component; and
- 45% Team/Individual Performance Measures.

Long-Term Incentives – Performance Awards Plan

An equity incentive component, in the form of Performance Rights, cash awards and/or Performance Options, is an important part of the executive's overall compensation package. To date the Company has issued only Performance Rights under the Share Plans a key component of which has been long term vesting periods, reflecting our belief that Performance Rights offer an effective mechanism to incentivize management and align the interests of the Company's executive officers with those of its Shareholders during the growth phase of the Company.

The Board established the Ivanhoe Australia Limited Share Plan on 5 August 2008, prior to official listing on the ASX. The Share Plan was amended in August 2010 and approved by Shareholders at the Company's Annual General Meeting on 31 May 2011. The plan was further amended in October 2012 when it was renamed the 'Long Term Incentive Plan' ("LTIP").

Under the previous plans, grants of Performance Rights have historically had terms of three to four years. In 2011, the Mercer review led to the Remuneration Committee implementing a structured change in the administration of the Share Plan in 2012 from a time based vesting of the Performance Rights to a part time based and part performance based vesting.

In 2012, as part of the Mercer review, the Company identified a group of companies to act as a "Peer Comparator Group" for the purpose of determining the appropriate level of based equity compensation. The Company makes reference to the compensation levels of these peer companies to determine whether its total direct compensation (base salary and annual and long term incentive awards) are at levels appropriate for the market (see "Peer Comparator Group").

The Remuneration Committee plans to adjust actual awards to executives relative to the target of 75% of market, depending on the Remuneration Committee's evaluation of each individual executive officer's ability to influence the long-term success of the Company and to provide an incentive to encourage outstanding individual performance and contributions.

In 2013, The Company will implement the Revised Long Term Incentive Plan (RLTIP) to link employee remuneration to the long term improvement of Shareholder value of the Company in comparison to the market. Refer to "Annexure A" for further details on the Revised Long Term Incentive Plan.

LTI awards under the RLTIP will be made in March of each year and vest at the end of a three year Performance Period if performance and service conditions are satisfied. 50% of the award is subject to continued service and the remaining 50% of the award is subject to the relative Total Shareholder Return (TSR) performance of the Company measured against a Peer Comparator Group of companies provided, however, that upon a Change of Control of the Company, all outstanding options may become fully vested.

The Remuneration Committee accepts the merits of performance related compensation where exceptional effort on behalf of employees and management contribute to milestone achievements on the Company's behalf.

During the year ended December 31, 2012, the Board granted a total of 4,460,938 Performance Rights under the Share Plan and Long Term Incentive Plan, representing 0.62% of the Shares issued and outstanding as of December 31, 2012. In contrast, during the year ended December 31, 2011, the Board granted a total of 7,895,000 Performance Rights under its Share Plan representing 1.43% of the Shares issued and outstanding, as of December 31, 2011.

Pension Plan

The Company does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

Summary Compensation Tables

The following executive compensation disclosure is provided as of December 31, 2012, 2011 and 2010, in respect of the Chief Executive Officer, Chief Financial Officer and each of the Company's remaining three highest paid executive officers in accordance with NI 51-102 (collectively the "Named Executive Officers" or "NEOs").

The Company's NEOs during the year ended December 31, 2012 were:

- Peter D Reeve, Managing Director and Chief Executive Officer (resigned 8 June 2012);
- Ines Scotland, Interim Chief Executive Officer (from 8 June 2012 to 14 January 2013);
- Brendan Gill, Chief Financial Officer;
- Michael Spreadborough, Chief Operating Officer;
- Stephen Nossal, Senior VP Corporate and Markets; and
- Darren Millman, General Manager Finance Manager & Company Secretary (resigned 14 January 2013).

Total Executive Remuneration as at December 31, 2012

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Performance rights-based awards (\$) ⁽¹⁾	Non-Equity incentive plan compensation (\$)	Superannuation Contribution (\$) ⁽²⁾	All other compensation (\$)	Total compensation (\$)
Peter D. Reeve, Chief Executive Officer and Managing Director	2012	1,053,669	Nil	Nil	Nil	15,791	10,890 ⁽⁴⁾	1,080,350
	2011	389,908	Nil	473,516	Nil	35,092	10,309	908,825
	2010	389,908	Nil	1,418,607	Nil	33,043	9,866	1,851,424
Ines Scotland, Interim Chief Executive Officer ⁽³⁾	2012	284,034	Nil	Nil	Nil	25,563	Nil ⁽⁵⁾	309,597
Brendan Gill, Chief Financial Officer	2012	419,877	Nil	906,832	Nil	28,370	Nil ⁽⁶⁾	1,355,079
	2011	105,056	Nil	61,406	Nil	8,333	Nil	174,795
	2010	-	-	-	-	-	-	-
Michael Spreadborough, Chief Operating Officer	2012	442,000	Nil	1,080,407	Nil	39,780	Nil ⁽⁷⁾	1,562,187
	2011	266,667	Nil	866,940	Nil	24,000	Nil	1,157,607
	2010	-	-	-	-	-	-	-
Stephen Nossal, Senior VP Corporate and Markets	2012	275,229	Nil	343,427	Nil	24,771	Nil ⁽⁸⁾	643,427
	2011	118,378	Nil	224,478	Nil	9,952	Nil	352,808
	2010	-	-	-	-	-	-	-
Darren J. Millman, General Manager Finance and Company Secretary	2012	343,773	Nil	71,775	Nil	21,490	21,058 ⁽⁹⁾	458,096
	2011	271,984	Nil	53,635	Nil	34,716	12,953	373,288
	2010	181,194	Nil	184,457	Nil	16,307	16,198	398,156

NOTES:

- (1) This column includes the fair value of Performance Rights expensed on a straight line basis over the vesting period. The Company uses the Black-Scholes pricing model for determining fair value of Performance Rights issued at the grant date. The Company has chosen to use the Black-Scholes model because it is an accepted industry standard and is appropriate for the Company's financial reporting requirements to securities regulatory authorities. The practice of the Company is to grant all performance right based awards in Australian currency. In Canadian parlance, Performance Rights would be referred to as "Options", however have an exercise price of \$nil.
- (2) The Company has a statutory obligation to pay a minimum 9% superannuation contributed based on ordinary time earnings. In Canada, the superannuation contributions would be referred to as mandatory pension contributions.
- (3) Ms Scotland was appointed Interim CEO on 8 June 2012 and resigned on 14 January 2013. Prior to this date, Ms Scotland acted as an Independent Non Executive Director.
- (4) Includes A\$10,890 family health insurance premiums (2011: A\$10,309 and 2010: A\$9,866) and excludes A\$180 salary continuance premiums (2011: A\$308 and 2010: A\$206).
- (5) This excludes salary continuance premiums paid for Ms Scotland, totaling A\$107 as at December 31, 2012 (2011: nil and 2010: nil).
- (6) This excludes salary continuance premiums paid for Mr Gill, totaling A\$251 as at December 31, 2012 (2011: A\$301 and 2010: nil).
- (7) This excludes salary continuance premiums paid for Mr Spreadborough, totaling A\$107 as at December 31, 2012 (2011: A\$195 and 2010: nil).
- (8) This excludes salary continuance premiums paid for Mr Nossal, totaling A\$185 as at December 31, 2012 (2011: A\$219 and 2010: nil).
- (9) Includes A\$21,058 car lease payments (2011: A\$12,953 and 2010: A\$16,198) and excludes A\$53 salary continuance insurance premiums (2011: A\$70 and 2010: A\$64).

Performance Rights Granted

Name	Performance Rights Grant⁽¹⁾	Grant Date	Grant Date Fair Value (A\$)
Darren J. Millman	271,875 ⁽²⁾	1 December 2012	114,118
Michael Spreadborough	375,000 ⁽³⁾	26 March 2012	671,250
Brendan Gill	1,000,000 ⁽⁴⁾	22 December 2011	1,460,000
Stephen Nossal	500,000 ⁽⁴⁾	9 September 2011	810,000
Michael Spreadborough	625,000 ⁽³⁾	9 June 2011	1,843,750
Darren J. Millman	75,000 ⁽⁵⁾	1 December 2009	299,250
Peter D. Reeve	4,250,000 ⁽⁵⁾	6 August 2008	8,500,000
Darren J. Millman	225,000 ⁽⁵⁾	6 August 2008	450,000

NOTES:

- (1) The Performance Right holder is entitled to be issued with the shares in four equal tranches after vesting (subject to being in employment). All unvested Performance Rights will immediately vest in the event of a change of control event and may vest in special circumstances such as death, permanent disability or redundancy.
- (2) The first tranche of Performance Rights vested on 1 December 2012, the remaining three tranches vest on 1 March of each year from 2013 to 2015. Mr Millman resigned from the Company on 14 January 2013. At this date, the second tranche vested as part of his termination agreement, and the remaining unvested performance rights lapsed.
- (3) The first tranche of Performance Rights vested on 1 December 2011, the remaining three tranches vest on 1 September of each year from 2012 to 2014.
- (4) The Performance Rights vest on March 1 of each year from 2012 to 2015.
- (5) The final tranche of these Performance Rights vested in September 2011.

Long Term Incentive Plan Awards

Outstanding Performance Right-based awards as at December 31, 2012:

Performance Right-based Awards				
Name	Number of securities underlying unexercised Performance Rights (#)	Performance Rights exercise price (A\$)	Performance Rights expiration date	Value of unexercised Performance Rights (A\$) ⁽¹⁾
Peter D. Reeve	Nil	Nil	-	-
Ines Scotland	Nil	Nil	-	-
Brendan Gill	750,000	Nil	1 Mar 2017 ⁽²⁾	157,500
Michael Spreadborough	500,000	Nil	1 Sept 2016 ⁽³⁾	105,000
Stephen Nossal	375,000	Nil	1 Mar 2017 ⁽²⁾	78,750
Darren J. Millman	Nil	Nil	Nil	-

NOTES:

- (1) The "Value of unexercised Performance Rights" is calculated on the basis of the number of unexercised Performance Rights at the closing price of the Shares on the ASX on April 8, 2013 (A\$0.210).
- (2) The unexercised Performance Rights vest in four equal tranches, the performance rights vest on March 1 of each year from 2012 to 2015. All Performance Rights in a tranche expire two years after the vesting date for that tranche. The last expiration of the final tranche is March 1, 2017.
- (3) The first tranche of Performance Rights vested on 1 December 2011, the remaining three tranches vest on 1 September each year from 2012 to 2014.

Number and value of Performance Right-based awards vested during the year ended December 31, 2012:

Name	Number of vested Performance Rights during the year (#)	Performance Right-based awards — value vested during the year (A\$) ⁽¹⁾
Peter D. Reeve	Nil	-
Ines Scotland	Nil	-
Brendan Gill	250,000	442,500 ⁽²⁾
Michael Spreadborough	250,000	90,000 ⁽³⁾
Stephen Nossal	125,000	221,250 ⁽²⁾
Darren J. Millman	163,125	71,775 ⁽⁴⁾

NOTES:

- (1) Value vested during the year represents the aggregate dollar value that would have been realized if a Named Executive Officer had exercised each of his Performance Rights that vested in 2012 on the date of such vesting.
- (2) The value vested during the year is converted from the closing price of the Shares on the ASX on the vesting date being the case March 1, 2012, at a closing price of A\$1.77.
- (3) The value vested during the year is converted from the closing price of the Shares on the ASX on the vesting date being in the case September 1, 2012, at a closing price of A\$0.36.
- (4) The value vested during the year is converted from the closing price of the Shares on the ASX on the vesting date being in the case December 1, 2012, at a closing price of A\$0.44.

EXECUTIVE TERMINATION AND CHANGE OF CONTROL BENEFITS

Robert Vassie

Ivanhoe Australia entered into a contract of employment with Robert Vassie, Chief Executive Officer, on December 21, 2012 with employment commencing January 14, 2013. The contract provides for an initial gross salary and customary benefits and entitlements available to the Company's other employees.

Mr Vassie's contract of employment provides that (i) the Company may terminate Mr Vassie's employment without notice, payment in lieu of notice, severance payments, damages or any sums whatsoever for serious misconduct; and (ii) either of the Company or Mr Vassie may terminate the employment contract for reasons other than misconduct on the greater of: (a) six months' notice; and (b) the minimum notice required under section 661 of the *Workplace Relations Act 1996*.

Mr Vassie has not been granted any Performance Rights as at April 8, 2013.

The following is an estimate of incremental payments to Mr Vassie in the scenarios below as at April 8, 2013:

- a) if Mr Vassie's employment was terminated for misconduct then, based on his annual salary as at April 8, 2013, he would be entitled to compensation of A\$10,651, comprised of his annual leave entitlements;
- b) if Mr Vassie's employment was terminated by the Company, then based on his annual salary as at April 8, 2013, he would be entitled to compensation of A\$285,651, comprised of: (i) six months' salary of A\$275,000; and (ii) annual leave entitlements totalling A\$10,651;
- c) if Mr Vassie's employment was terminated by Mr Vassie with one months' notice then, based on his annual salary as at April 8, 2013, he would be entitled to compensation of A\$60,609, comprised of: (i) one month's salary of A\$49,958; and (ii) annual leave entitlements totalling A\$10,651; and
- d) if Mr Vassie's employment was terminated by the Company following a Change in the Control of the Company which results in a decision to change the Company's Chief Executive Officer then based on his annual salary as at April 8, 2013, he would be entitled to compensation of A\$585,651, comprised of: (i) six months' salary of A\$275,000; (ii) severance payment of \$300,000; and (iii) annual leave entitlements totalling A\$10,651.

Brendan Gill

Ivanhoe Australia entered into a contract of employment with Brendan Gill, Chief Financial Officer, on September 15, 2011 with employment commencing October 3, 2011. The contract provides for an initial gross salary and customary benefits and entitlements available to the Company's other employees.

The Company provides salary continuance insurance for Mr Gill, the annual premiums as at December 31, 2012 total: A\$251.31.

Mr Gill's contract of employment provides that (i) the Company may terminate Mr Gill's employment without notice, payment in lieu of notice, severance payments, damages or any sums whatsoever for serious misconduct; and (ii) either of the Company or Mr Gill may terminate the employment agreement for reasons other than misconduct on the greater of: (a) six months' notice; and (b) the minimum notice requires under section 661 of the *Workplace Relations Act 1996*.

Mr Gill was issued with 1,000,000 Performance Rights on December 22, 2011, which vest and become exercisable in four equal tranches of each, March 1, 2012, March 1, 2013, March 1, 2014 and March 1, 2015. The Performance Rights lapse if not exercised within two years of the vesting date. The Rules provide that all allocated Shares held in the Share Plan will be forfeited for a consideration determined by the Board and not exceeding A\$10 if Mr Gill is dismissed for cause and has acted fraudulently or dishonestly; or has brought a company in the Ivanhoe Group into serious disrepute. To be entitled to the Shares, Mr Gill must remain an employee of Ivanhoe Australia or the Ivanhoe Group and be an employee at the time of the vesting date. A disposal restriction and holding lock is placed on the tranche of shares acquired by Mr Gill exercising his Performance Rights, and may only be lifted: on the earlier of (i) the vesting date for that Performance Period; (ii) when employment is terminated, or (iii) after the submission of a withdrawal notice following a Change of Control event. Should a Change of Control event occur before the Performance Hurdle (vesting date), the full number of Performance Rights will then vest. Refer to page 13 of this document for the definition of a "Change of Control."

The following is an estimate of incremental payments to Mr Gill in the scenarios below as at April 8, 2013:

- a) if Mr Gill's employment was terminated for misconduct then, based on his annual salary as at April 8, 2013, he would be entitled to compensation of A\$38,659, comprised of his annual leave entitlements;
- b) if Mr Gill's employment was terminated by the Company, then based on his annual salary as at April 8, 2013 and the value of his Performance Rights as at April 8, 2013, he would be entitled to compensation of A\$462,598, comprised of: (i) six months' salary of A\$216,305; (ii) a lump sum amount of A\$50,134; (iii) annual leave entitlements totalling A\$38,659; and (iv) unvested Performance Rights of A\$157,500 (assuming that the Board elects to vest all unvested Performance Rights on termination as permitted under the terms of the RLTIP);
- c) if Mr Gill's employment was terminated by Mr Gill with one months' notice then, based on his annual salary as at April 8, 2013 and the value of his Performance Rights as at April 8, 2013, he would be entitled to compensation of A\$232,209, comprised of: (i) one month's salary of A\$36,050; (ii) annual leave entitlements totalling A\$38,659; and (iii) unvested Performance Rights of A\$157,500 (assuming that the Board elects to vest all unvested Performance Rights on termination as permitted under the terms of the RLTIP); and
- d) if Mr Gill's employment was terminated by the Company for reason of redundancy then based on his annual salary as at April 8, 2013 and the value of his Performance Rights as at April 8, 2013, he would be entitled to compensation of A\$678,903, comprised of: (i) twelve months' salary of A\$432,610; (ii) a lump sum amount of A\$50,134; (iii) annual leave entitlements totalling A\$38,659; and (iv) unvested Performance Rights of A\$157,500 (assuming that the Board elects to vest all unvested Performance Rights on termination as permitted under the terms of the RLTIP).

Michael Spreadborough

Ivanhoe Australia entered into a contract of employment with Michael Spreadborough, Chief Operating Officer on April 1, 2011 with employment commencing May 2, 2011. The contract provides for an initial gross salary and customary benefits and entitlements available to the Company's other employees.

The Company provides salary continuance insurance for Mr Spreadborough, the annual premiums as at December 31, 2012 total: A\$146.61.

Mr Spreadborough's contract of employment provides that (i) the Company may terminate Mr Spreadborough's employment without notice, payment in lieu of notice, severance payments, damages or any sums whatsoever for serious misconduct; and (ii) either of the Company or Mr Spreadborough may terminate the employment agreement for reasons other than misconduct on the greater of: (a) three months' notice; and (b) the minimum notice required under section 661 of the *Workplace Relations Act 1996*.

Mr Spreadborough was issued with 625,000 Performance Rights on June 9, 2011 and 375,000 Performance Rights on March 26, 2012 (total 1,000,000), which vest and become exercisable in four equal tranches on each of December 1, 2011, September 1, 2012, , 2013 and September 1, 2014. The Performance Rights lapse if not exercised within two years of the vesting date. The Rules provide that all allocated Shares held in the Plan will be forfeited for a consideration determined by the Board and not exceeding A\$10 if Mr Spreadborough is dismissed for cause and has acted fraudulently or dishonestly; or has brought a company in the Ivanhoe Group into serious disrepute. To be entitled to the Shares Mr Spreadborough must remain an employee of Ivanhoe Australia or the Ivanhoe Group and be an employee at the time of the vesting date. A disposal restriction and holding lock is placed on the tranche of Shares acquired by Mr Spreadborough exercising his Performance Rights, and may only be lifted on the earlier of: (i) the vesting date for that Performance Period; (ii) when employment is terminated, or (iii) after the submission of a withdrawal notice following a Change of Control event. Should a Change of Control event occur before the Performance Hurdle (vesting date), the full number of Performance Rights will then vest. Refer to page 13 of this document for the definition of a "Change of Control."

The following is an estimate of incremental payments to Mr Spreadborough in the scenarios below as at April 8, 2013:

- a) if Mr Spreadborough's employment was terminated for misconduct then, based on his annual salary as at April 8, 2013 he would be entitled to compensation of A\$42,421, comprised of his annual leave entitlements;
- b) if Mr Spreadborough's employment was terminated by the Company, then based on his annual salary as at April 8, 2013 and the value of his Performance Rights as at April 8, 2013, he would be entitled to compensation of A\$366,640, comprised of: (i) three months' salary of A\$122,374; (ii) a lump sum amount of A\$66,845; (iii) annual leave entitlements totalling A\$42,421; and (iv) unvested Performance Rights of A\$105,000 (assuming that the Board elects to vest all unvested Performance Rights on termination as permitted under the terms of the RLTIIP);
- c) if Mr Spreadborough's employment was terminated by Mr Spreadborough with one months' notice then, based on his annual salary as at April 8, 2013 and the value of his Performance Rights as at April 8, 2013, he would be entitled to compensation of A\$188,212, comprised of: (i) one month's salary of A\$40,791; (ii) annual leave entitlements totalling A\$42,421; and (iii) unvested Performance Rights of A\$105,000 (assuming that the Board elects to vest all unvested Performance Rights on termination as permitted under the terms of the RLTIIP); and
- d) if Mr Spreadborough's employment was terminated by the Company for reason of redundancy then based on his annual salary as at April 8, 2013 and the value of his Performance Rights as at April 8, 2013, he would be entitled to compensation of A\$703,763, comprised of: (i) twelve months' salary of A\$489,497; (ii) a lump sum amount of A\$66,845; (iii) annual leave entitlements totalling A\$42,421; and (iv) unvested Performance Rights of A\$105,000 (assuming that the Board elects to vest all unvested Performance Rights on termination as permitted under the terms of the RLTIIP).

Stephen Nossal

Ivanhoe Australia entered into a contract of employment with Stephen Nossal, Senior VP Corporate and Markets on July 7, 2011 with employment commencing July 27, 2011. The contract provides for an initial gross salary and customary benefits and entitlements available to the Company's other employees.

The Company provides salary continuance insurance for Mr Nossal, the annual premiums as at December 31, 2012 total: A\$184.75.

Mr Nossal's contract of employment provides that (i) the Company may terminate Mr Nossal's employment without notice, payment in lieu of notice, severance payments, damages or any sums whatsoever for serious misconduct; and (ii) either of the Company or Mr Nossal may terminate the employment agreement for reasons other than misconduct on the greater of: (a) three months' notice; and (b) the minimum notice required under section 661 of the *Workplace Relations Act 1996*.

Mr Nossal was issued with 500,000 Performance Rights on September 9, 2011, which vest and become exercisable in four equal tranches on each of March 1, 2012, March 1, 2013, March 1, 2014 and March 1, 2015. The Performance Rights lapse if not exercised within two years of the vesting date. The Rules provide that all allocated Shares held in the Plan will be forfeited for a consideration determined by the Board and not exceeding A\$10 if Mr Nossal is dismissed for cause and has acted fraudulently or dishonestly; or has brought a company in the Ivanhoe Group into serious disrepute. To be entitled to the Shares Mr Nossal must remain an employee of Ivanhoe Australia or the Ivanhoe Group and be an employee at the time of the vesting date. A disposal restriction and holding lock is placed on the tranche of Shares acquired by Mr Nossal exercising his Performance Rights, and may only be lifted on the earlier of: (i) the vesting date for that Performance Period; (ii) when employment is terminated, or (iii) after the submission of a withdrawal notice following a Change of Control event. Should a Change of Control event occur before the Performance Hurdle (vesting date), the full number of Performance Rights will then vest. Refer to page 13 of this document for the definition of a "Change of Control."

The following is an estimate of incremental payments to Mr Nossal in the scenarios below as at April 8, 2013:

- a) if Mr Nossal's employment was terminated for misconduct then, based on his annual salary as at April 8, 2013, he would be entitled to compensation of A\$7,086, comprised of his annual leave entitlements;
- b) if Mr Nossal's employment was terminated by the Company, then based on his annual salary as at April 8, 2013 and the value of his Performance Rights as at April 8, 2013, he would be entitled to compensation of A\$193,463, comprised of: (i) three months' salary of A\$73,132; (ii) a lump sum amount of A\$34,495; (iii) annual leave entitlements totalling A\$7,086; and (iv) unvested Performance Rights of A\$78,750 (assuming that the Board elects to vest all unvested Performance Rights on termination as permitted under the terms of the RLTIP);
- c) if Mr Nossal's employment was terminated by Mr Nossal with one months' notice then, based on his annual salary as at April 8, 2013 and the value of his Performance Rights as at April 8, 2013, he would be entitled to compensation of A\$110,213, comprised of: (i) one month's salary of A\$24,377; (ii) annual leave entitlements totalling A\$7,086; and (iii) unvested Performance Rights of A\$78,750 (assuming that the Board elects to vest all unvested Performance Rights on termination as permitted under the terms of the RLTIP); and
- d) if Mr Nossal's employment was terminated by the Company for reason of redundancy then based on his annual salary as at April 8, 2013 and the value of his Performance Rights as at April 8, 2013, he would be entitled to compensation of A\$412,861, comprised of: (i) twelve months' salary of A\$292,530; (ii) a lump sum amount of A\$34,495; (iii) annual leave entitlements totalling A\$7,086; and (iv) unvested Performance Rights of A\$78,750 (assuming that the Board elects to vest all unvested Performance Rights on termination as permitted under the terms of the RLTIP).

Darren J. Millman

Ivanhoe Mines entered into an employment agreement with Darren Millman, Company Secretary and General Manager Finance, on July 25, 2007. The agreement provided for an initial gross salary and customary benefits and entitlements available to the Company's other employees. This agreement was replaced with an employment contract dated June 18, 2008 between Ivanhoe Australia and Mr Millman. The terms and conditions of this contract retained the original terms and conditions.

Mr Millman resigned from the Company on 14 January 2013. The following is a summary of the payments made to Mr Millman on resignation:

Mr Millman's employment was terminated by Mr Millman with one months' notice. The total compensation paid of A\$92,690, comprised of: (i) final part month's salary of A\$10,294; (ii) annual leave entitlements totalling A\$22,763; and (iii) short term incentive of A\$59,633. On resignation, Mr Millman forfeited his rights to all unvested Performance Rights.

Peter Reeve

The original employment agreement governing Mr Reeve's employment with Ivanhoe Australia was made between Ivanhoe Mines and Peter Reeve, CEO and Managing Director of Ivanhoe Australia, and is dated February 2, 2007. The agreement provided for an annual gross salary, medical and dental insurance, and other benefits and entitlements available to the Company's other employees (leave, etc).

Mr Reeve was issued 4,250,000 Performance Rights on August 4, 2008 which have all since vested.

Mr Reeve resigned from the Company on 8 June 2012. The following is summary of the payments made to Mr Reeve on resignation:

Mr Reeve's employment was terminated by Mr Reeve on 8 June 2012. The total compensation paid of A\$599,892, comprised of: (i) termination payment of A\$491,109; and (ii) annual leave entitlements totalling A\$108,783.

Ines Scotland

Ivanhoe Mines entered into an employment agreement with Ines Scotland, Managing Director and Chief Executive Officer, on June 8, 2012. The agreement provided for an initial gross salary and customary benefits and entitlements available to the Company's other employees.

Ms Scotland resigned from the Company on 14 January 2013. The following is summary of the payments made to Ms Scotland on resignation:

Ms Scotland's employment was terminated by Ms Scotland with one months' notice. The total compensation paid of A\$5,722, comprised of: (i) final part month's salary of A\$8,132; and (ii) negative annual leave entitlements deduction of A\$2,410. Ms Scotland, at her discretion, has waived her entitlement to receive any performance rights benefits.

COMPENSATION OF DIRECTORS

As at April 8, 2013, the Non-executive Director fees are paid within an aggregate annual limit which must not exceed A\$1,500,000 (excluding mandatory superannuation) or such other maximum as may be determined by the Company in a General Meeting. The cash fee paid to independent Non-executive Directors for the 2012 financial year was A\$445,007 (2011: A\$249,541), plus statutory superannuation.

All Independent Non-executive Directors of the Company receive a fixed fee of \$80,000 per year inclusive of superannuation. Mr McMahon, as the Chairman of the Board, received an additional fee of A\$35,000 for the financial year. Mr Wightman, as the Chairman of the Audit and Finance Committee, received an additional fee of A\$30,000 (2011: A\$30,000) for the financial year. Mr Askew, as the Chairman of the Nomination, Governance and Remuneration Committee, received an additional fee of A\$5,000 (2011: A\$5,000) for the financial year. Professor Plimer received an additional \$30,000 as the nominated Lead Independent Director.

Non-independent Non-executive Directors do not receive cash fees for their services as a Director.

All Non-executive Directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred in attending meetings of the Board, committees or Shareholders or while engaged on other Ivanhoe Australia business.

The Remuneration Committee has recommended to the Board that no further allocation or entitlements of Performance Rights are to be made to any Independent Non-executive Directors. The Board has adopted that recommendation. An accrual for Performance Rights in respect of 2011 and 2012 remuneration has been recognised where Performance Rights have not been issued as at December 31, 2012.

Extract from Remuneration Report included in 2012 Annual Report

Total Directors Remuneration as at December 31, 2012

Name ⁽¹⁾	Fees Earned (\$)	Share-based awards (\$)	Performance Rights-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)	Superannuation Contribution (\$)	All other compensation (\$)	Total compensation (\$)
Robert M. Friedland ⁽³⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John A. Macken ⁽³⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Peter G. Meredith ⁽³⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sam Riggall ⁽³⁾	Nil	Nil	163,363	Nil	Nil	Nil	163,363
Ian R. Plimer ⁽⁴⁾⁽⁶⁾	100,917	Nil	193,528	Nil	9,083	Nil	303,528
Kyle Wightman ⁽⁴⁾⁽⁶⁾	100,917	Nil	193,528	Nil	9,083	Nil	303,528
James E. Askew ⁽⁴⁾⁽⁶⁾	123,617	Nil	150,958	Nil	Nil	Nil	274,125
Peter McMahon ⁽⁴⁾⁽⁵⁾	120,006	Nil	65,027	Nil	10,801	Nil	195,834
Stephen McIntosh ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stewart Beckman ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Neville Henwood ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil

NOTES:

- (1) Information with respect to Mr Reeve and Ms Scotland has been included in the Summary Compensation Table for NEOs, and is not reported in the Director Compensation section of this Information Circular.
- (2) This column includes the fair value of Performance Rights expensed on a straight line basis over the vesting period. The Company uses the Black-Scholes pricing model for determining fair value of Performance Rights issued at the grant date. The Company has chosen to use the Black-Scholes model because it is an accepted industry standard and is appropriate for the Company's financial reporting requirements to securities regulatory authorities. The practice of the Company is to grant all Performance Right based awards in Australian currency.
- (3) Mr Friedland and Mr Riggall resigned on 19 April 2012 and Mr Macken and Mr Meredith resigned on 12 April 2012.
- (4) Independent Non-Executive Directors were each entitled, as part of their remuneration for 2011 and 2012, to be granted performance rights up to \$100,000 per annum at issuance, subject to shareholder approval, or otherwise cash payments in lieu thereof. Performance rights in respect of 2011 remuneration were issued to Professor Plimer and Mr Wightman in March 2012. Performance rights in respect of 2011 remuneration for Mr Askew were not issued as at

December 31, 2012. Performance rights in respect of 2012 remuneration for all Independent Non-Executive Directors were not granted as at December 31, 2012. An accrual for performance rights in respect of 2011 and 2012 remuneration has been recognised where performance rights have not yet been issued.

- (5) On 7 May 2012, Mr McMahon was appointed Lead Independent Non-Executive Director and Mr McIntosh, Mr Beckman and Mr Henwood were appointed as Non-Executive Directors.

Events subsequent to the issue of the 2012 Annual Report

- (6) The above table noting the Performance Rights allocated to Directors represents the value of their entitlement, as approved by Shareholders, at the Company's 2012 AGM as reflected in the Company's Remuneration Report. The Performance Rights were to be awarded on a VWAP for the 5 days following the 2012 AGM, at which time the value of the shares was \$0.60. The allocation of the shares did not occur until 15 April 2013, at which time the VWAP of the share price had decreased to \$0.20. The number of Performance Rights issued was determined based on the annual long term incentive award of \$100,000 divided by the volume weighted average price (VWAP) of Ivanhoe Australia shares for the 5 trading days preceding June 6, 2012 (being \$0.60 per share) for the FY12 remuneration and March 23, 2012 (being \$1.87 per share) for the FY11 remuneration. The Performance Rights referable to those periods were granted on 15 April 2013, at which the VWAP of the share price had decreased to \$0.20, therefore decreasing the value of the allocation of Performance Rights.

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Performance Rights Granted

The following table sets out the number of Performance Rights granted to Non-executive Directors to date and the value of such Performance Rights on the day of grant:

Name⁽¹⁾	Performance Rights Grant⁽²⁾	Grant Date	Grant Date Fair Value (A\$)
Ian R. Plimer	53,475	26 March 2012 ⁽³⁾	95,720
Kyle Wightman	53,475	26 March 2012 ⁽³⁾	95,720
Sam Riggall	500,000	21 February 2010 ⁽⁴⁾	1,575,000
Robert M. Friedland	4,000,000	6 August 2008 ⁽⁵⁾	8,000,000
John A. Macken	500,000	6 August 2008 ⁽⁵⁾	1,000,000
Peter G. Meredith	500,000	6 August 2008 ⁽⁵⁾	1,000,000
Ian R. Plimer	100,000	6 August 2008 ⁽⁵⁾	200,000
Kyle Wightman	100,000	6 August 2008 ⁽⁴⁾	200,000

NOTES:

- ⁽¹⁾ Information with respect to Mr Reeve has been included in the Summary Compensation Table for NEOs, and is not reported in the Director Compensation section of this Information Circular.
- ⁽²⁾ The Performance Right holder is entitled to be issued with the Shares in four equal tranches after vesting (subject to being in employment). All unvested Performance Rights will immediately vest in the event of a change of control event and may vest in special circumstances such as death, permanent disability or redundancy.
- ⁽³⁾ The Performance Rights vested on March 26, 2012.
- ⁽⁴⁾ The Performance Rights vest on March 1 of each year from 2011 to 2014.
- ⁽⁵⁾ The final tranche of these Performance Rights vested in September 2011.

Long Term Incentive Plan Awards

Outstanding Performance Right-Based Awards as at December 31, 2012:

Performance Right-based Awards				
Name ⁽¹⁾	Number of securities underlying unexercised Performance Rights (#)	Performance Rights exercise price (A\$)	Performance rights expiration date	Value of unexercised Performance Rights (A\$) ⁽²⁾
Sam Riggall	125,000 ⁽³⁾	Nil	1 March 2015	26,250

NOTES:

⁽¹⁾ Information with respect to Mr Reeve has been included in the Summary Compensation Table for NEOs, and is not reported in the Director Compensation section of this Management Proxy Circular.

⁽²⁾ The "Value of unexercised Performance Rights" is calculated on the basis of the number of unexercised Performance Rights at the closing price of the common shares on the ASX on April 8, 2013 (A\$0.210).

⁽³⁾ Subsequent to December 31, 2012, Mr Riggall has exercised 16,438 Performance Rights on February 8, 2013, and forfeited the remaining 108,562 Performance rights.

Number and value of Performance Right-based awards vested during the year ended December 31, 2012:

Name ⁽¹⁾	Number of vested Performance Rights during the year (#)	Performance Right-based awards — value vested during the year (A\$) ⁽²⁾
Sam Riggall	125,000	221,250 ⁽⁴⁾
Ian R. Plimer	53,475	\$93,528 ⁽³⁾
Kyle Wightman	53,475	\$93,528 ⁽³⁾

NOTES:

⁽¹⁾ Information with respect to Mr Reeve has been included in the Summary Compensation Table for NEOs, and is not reported in the Director Compensation section of this Management Proxy Circular.

⁽²⁾ Value vested during the year represents the aggregate dollar value that would have been realized if a Named Director had exercised their respective Performance Rights that vested in 2012 on the date of such vesting.

⁽³⁾ The value vested during the year is converted from the closing price of the Shares on the ASX on the vesting date. The vesting date was March 26, 2012 at a closing price of A\$1.749.

⁽⁴⁾ The value vested during the year is converted from the closing price of the Shares on the ASX on the vesting date. The vesting date was March 1, 2012 at a closing price of A\$1.77.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

No Director or executive officer of the Company is, as at the date of this Management Proxy Circular, or was, within 10 years before the date of this Management Proxy Circular, a Director, chief executive officer or chief financial officer of any company (including the Company), that: (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days; or (ii) was subject to an order that was issued after the Director or executive officer ceased to be a Director, Chief Executive Officer or Chief Financial Officer and which resulted from an event that occurred while that person was acting in the capacity as Director, Chief Executive Officer or Chief Financial Officer.

No Director or executive officer of the Company, or a Shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (i) is, as at the date of this Management Proxy Circular, or has been within the 10 years before the date of this Management Proxy Circular, a Director or executive officer of any company (including the Company) that, while that 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; or (ii) has, within the 10 years before the date of this Management Proxy Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Director, executive officer or Shareholder.

No Director or executive officer of the Company, or a Shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (i) 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 (ii) 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.

DIRECTORS AND OFFICERS INSURANCE

The Company has entered into agreements to indemnify (to the extent permitted by law) all the Directors and officers named in this Management Proxy Circular against all liabilities to persons (other than the Company) which arise out of the Directors and officers conduct unless the liability relates to conduct involving a lack of good faith or the indemnity is otherwise prohibited by law. The Company has agreed to indemnify (to the extent permitted by law) the Directors and officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments. The contract of Directors and officers insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than "routine indebtedness" as that term is defined in applicable securities legislation, no Director or executive officer of the Company, or associate or affiliate of any such Director or executive officer, is or has been indebted to the Company or any of its subsidiaries since the beginning of the last completed financial year of the Company.

SECURITY BASED COMPENSATION ARRANGEMENTS

Pursuant to TSX requirements, the Company must summarize the terms of each of its security based compensation arrangements. The following summarises the Company's two security based compensation arrangements, the Share Plan (replaced by the Long Term Incentive Plan) and the Employees Share Acquisition Plan. Following any transitional arrangements the LTIP will be replaced by the Revised Long Term Incentive Plan as set out in Annexure A. The Employee Share Acquisition Plan will continue to operate for those employees that remain under the Enterprise Bargaining Agreement.

Summary of the Company's previous Share Plan and Long Term Incentive Plan

The following is a summary of the Company's previous Share Plan and Long Term Incentive Plan (collectively referred to as "the plan" or "the plans"), and is qualified in its entirety by reference to the specific terms of the plans.

The Board established the Ivanhoe Australia Limited Share Plan on 5 August 2008, prior to official listing on the ASX. The Share Plan was amended in August 2010 and approved by Shareholders at the Company's Annual General Meeting on 31 May 2011. The plan was further amended in October 2012 when it was renamed the 'Long Term Incentive Plan' ("LTIP").

Under the Share Plan, grants of Performance Rights historically had terms of three to four years. In 2011, the Mercer review led to the Remuneration Committee implementing a structured change in the administration of the Share Plan in 2012 from a time based vesting of the Performance Rights to part time and part performance based. This led to the implementation of the LTIP in October 2012.

In 2012, as part of the Mercer review, the Company identified a group of companies to act as a "Peer Comparator Group" for the purpose of determining the appropriate level of equity based compensation. The Company makes reference to the compensation levels of these peer companies to determine whether its total direct compensation (base salary and annual and long term incentive awards) are at levels appropriate for the market (see "Peer Comparator Group").

Participation in the Share Plan and LTIP was open to eligible employees, namely selected full-time, part-time or casual employees (including Directors) of, and contractors to, the Company or its subsidiaries, or non-executive Directors. An eligible employee became a participant in the Share Plan and LTIP (the "Participant") following: (i) receipt of an offer by the Board; (ii) submission of an application form to the Board; and (iii) acceptance by the Board as a Participant.

The purpose of the Share Plan was to: (i) attract, motivate and retain eligible employees; (ii) provide an incentive to eligible employees to drive continuing improvement in the Company's performance; (iii) provide market competitive reward mechanisms in line with the guidelines and expectations of Australian shareholders; and (iv) provide selected eligible employees with the opportunity to acquire an ownership interest in the Company.

The introduction of LTIP was to introduce an equity based component into the employee remuneration which was linked to the long term improvement of the Shareholder value of the Company in comparison to the market.

The Share Plan and LTIP were also used to provide Shares to Non-executive Directors in lieu of cash remuneration.

The Share Plan and LTIP provided for the offer to, and acquisition by, selected eligible employees of:

- a) rights to acquire Shares, where generally no cash consideration is required to be paid for the acquisition of the underlying Shares (the "Performance Rights");

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- b) rights to acquire Shares for which cash consideration must be paid upon exercise of the right to acquire the Shares, where the amount payable is typically the market value of the Shares as at the date of grant of the right (the "Performance Options", together with Performance Rights, "Performance Awards"); and
 - c) "unallocated" Shares, typically being Shares that are to be held in the Share Plan subject to a holding lock and restrictions on voting and which are liable to be forfeited prior to allocation if any performance conditions attaching to them are not satisfied and in certain other circumstances (together with Performance Awards, the "Offered Shares").

The Share Plan and LTIP were administered by the Remuneration Committee in accordance with the Nomination, Governance and Remuneration Committee Charter and the Share Plan and LTIP Rules (the "Rules").

Terms of Offers

Under the Company's previous plans, the Remuneration Committee had a broad discretion in relation to setting the terms of an offer of Offered Shares (the "Offer"), including:

- a) the amount (if any) payable for the Offered Shares;
- b) the amount (if any) payable on the exercise of Performance Rights;
- c) any performance hurdles that must be satisfied, and the period in which they must be satisfied, before Shares can be acquired pursuant to a Performance Award or before unallocated Shares become allocated Shares;
- d) in the case of an offer of unallocated Shares, how any dividends are to be dealt with; and
- e) any other terms or conditions the Remuneration Committee considers fair and reasonable and determines will apply.

In the case of Performance Options, the amount payable upon exercise was typically the weighted average of the prices at which Shares were traded on the ASX during the one week period up to and including the date on which the Performance Option(s) were granted, subject to the determination by the Board to set an alternative exercise price. Offered Shares might also be acquired for nil cash consideration, with the Offered Shares instead being granted in consideration for the Participant's past or expected future services to the Company.

Performance Awards generally lapsed if the performance hurdles applying to them were not satisfied within the specified Performance Period.

Among other things, the Rules set out the rights of Participants:

- a) where there was a Change of Control of the Company or its ultimate holding company or a reorganisation of the Company's capital; and
- b) where a Participant ceased employment with the Company.

Where there was a Change in Control of the Company, or where specified in an Offer, if there was a Change in Control in the ultimate holding company of the Company or another event determined by the Board to be a Change of Control event occurred, prior to the completion of a Performance Period, a pro rata or other proportion determined in accordance with the Rules of the number of Offered Shares comprised in each grant of affected Performance Rights or Performance Options in relation to that Performance Period would be allocated by the Board. Such Shares would be allocated by the Board irrespective of the performance hurdles applicable to the Shares.

Where a Participant ceased to be employed by the Company or its subsidiaries prior to the completion of a Performance Period, other than because of a qualifying reason set out in the Rules (the “Qualifying Reason”), any rights of the Participant to Offered Shares in relation to that Performance Period expired and the Participant treated as never having held any right or interest in those Offered Shares.

Where a Participant ceased to be employed by the Company or its subsidiaries prior to the completion of a Performance Period due to a Qualifying Reason, the Board might determine in its absolute discretion that some or all of the Offered Shares in relation to that Performance Period would be allocated having regard to all relevant circumstances.

Acquisition of Shares

Shares might be provided to Participants by the acquisition of Shares in the name of the Participant in the ordinary course of trading on the financial market operated by ASX or by transfer or by way of a new issue of Shares.

Control and Release of Shares

Shares acquired under the Company’s previous plans (whether on exercise of a Performance Right or a Performance Option or otherwise) would be held within the plan and would typically be subject to a trading lock until the Shares were released.

Whilst the Shares are held within the Share Plan and LTIP, a Participant must not sell, transfer or otherwise dispose of those Shares, or create a security interest over those Shares. An exception is available for an assignment made to a legal personal representative of a deceased or incapacitated Participant.

Shares may be released from the Share Plan and LTIP if:

- a) the plan administrator has received a request form from the relevant Participant for their Shares to be released from the plan (a Participant can submit such a request after ceasing to be an employee of the Company or its subsidiaries, after a Change of Control event, after having received written consent from the Board for the sale or transfer of the relevant Shares or after the tenth anniversary of 1 July in the year the relevant Offer was made); and
- b) the plan administrator approves the release (which may only be given if the plan administrator determines that such approval is appropriate).

The Rules also provided for the forfeiture of a Participant’s Shares held in the Share Plan and LTIP if, among other things, the Participant was dismissed for cause or acted fraudulently, dishonestly or in serious breach of duty to the Company.

Amendments to the plans

The Board has proposed a Revised Long Term Incentive Plan as outlined in the Explanatory Notes to item 4 and Annexure A.

Customary Terms

The previous Rules contained customary and usual terms for dealing with the administration of the plan, variation of the Rules and termination and suspension of the Share Plan and LTIP. The plans are subject to the overriding application of the Corporations Act and the ASX Listing Rules.

The Company has issued a total of 32,785,938 Performance Rights under the Share Plan and LTIP, and 22,984,492 Shares upon the exercise of 22,984,492 of these Performance Rights.

Share Issuance Limits

No offer of Offered Shares will be made if it would result in the number of Shares at a particular time held under the previous plans and any other employee share schemes established by the Company (excluding Shares under any salary sacrifice arrangement) exceeding 10% of the total number of issued Shares.

Offers may also not be made, if it would cause the Company to exceed the 5% threshold set out in ASIC Class Order 03/184, such that the Company would need to create and lodge a prospectus or offer information statement with ASIC in order to offer or issue the Offered Shares.

Pursuant to the previous Share Plan and LTIP and based on the outstanding Shares as at April 8, 2013, Shares available for issuance under the plans would be as follows:

	Number of Shares ⁽¹⁾	% of Issued and Outstanding Shares
Total number of Performance Awards issued to date.	32,785,938	4.52%
Shares issued on exercise of Performance Awards.	22,984,492	3.17%
Number of Performance Awards expired or cancelled.	2,603,095	0.36%
Number of Shares presently issuable on exercise of issued and outstanding Performance Awards.	7,198,351	0.99%
Total Number of Shares that currently could be issued on exercise of Performance Awards in the event the Company issued the maximum number of Performance Awards permitted under the Share Plan (includes Performance Awards presently issued and outstanding).	72,527,745	10.00%
Maximum number of Shares, issuable on exercise of Performance Awards issuable, under the Share Plan, but which have not been issued (excludes Performance Awards presently issued to date)	39,741,807	5.48%

Notes:

- (1) The weighted average exercise price of all Performance Awards outstanding as of April 8, 2013 is nil.

Unless the Board determines otherwise, Shares cannot be allocated to a Participant if the Participant: (i) would hold a legal and beneficial interest in more than 5% of the Shares; or (ii) if the Participant would be in a position to cast, or control the casting of, more than 5% of the maximum number of votes that might be cast at a general meeting of the Company. The plan does not limit insider participation.

Summary of the Company's Employee Share Acquisition Plan

Overview

The following is a summary of the material terms of the Company's Employee Share Acquisition Plan and is qualified in its entirety by reference to the specific terms of the Employee Share Acquisition Plan.

Participation is open to eligible employees, namely an individual whom: (i) the Remuneration Committee determines to be in the full-time, part-time or casual employment of the Company or its subsidiaries (including any individual on parental leave, long service leave or other special leave as approved by the Remuneration Committee); (ii) is an executive Director; or (iii) is otherwise in the employment of the Company or its subsidiaries whom the Remuneration Committee determines to be an employee for the purposes of the Employee Share Acquisition Plan.

The Employee Share Acquisition Plan provides for the offer to, and acquisition by, selected eligible employees of Shares for which no consideration is payable to the Company.

Participation in the Employee Share Acquisition Plan

The Remuneration Committee may from time to time issue offers of participation in the Employee Share Acquisition Plan and invitations to apply for Shares under this plan to select eligible employees. The offer shall specify such matters as the Remuneration Committee determines. On acceptance (or deemed acceptance of an offer) the eligible employee becomes a Participant in the Employee Share Acquisition Plan and is bound by its rules, and irrevocably offers to acquire Shares under the Employee Share Acquisition Plan in accordance with the terms of the offer.

Acquisition of Shares

Shares may be acquired for registration in the name of the selected eligible employee by way of an allotment and issue of Shares by the Company, by acquiring Shares in the ordinary course of trading or otherwise on the ASX, or by acquiring Shares by off-market purchases.

Control and Release of Shares

Shares acquired under the Employee Share Acquisition Plan are subject to a trading lock so as to ensure the exemption conditions (the "Exemption Conditions") set out in section 139CE of the *Income Tax Assessment Act 1936* (Cth) as amended (the "Tax Act"), are met. The trading lock will apply until the earlier of (i) 3 years from the acquisition date of the Shares or such date as may be determined by the Remuneration Committee in its discretion so as to satisfy the Exemption Conditions; or (ii) the date the participant ceases to be employed by the employer in accordance with subsection (3) and (5) of section 139CE of the Tax Act. Whilst Shares are subject to a trading lock, a participating eligible employee must not dispose of those Shares or create a security interest over those Shares.

Share Issuance Limits

The number of Shares acquired under the Employee Share Acquisition Plan shall not exceed 300,000 Shares, representing <0.04% of the Shares as at the date of this Management Proxy Circular.

As of April 8, 2013, there are 725,277,451 Shares issued and outstanding. Pursuant to the Employee Share Acquisition Plan and based on the current outstanding Shares, Shares reserved for issuance under the Employee Share Acquisition Plan would be as follows:

	Number of Shares	% of Issued and Outstanding
Shares issued pursuant to the Employee Share Acquisition Plan	70,262	0.01%
Unissued Shares available for future awards under the Employee Share Acquisition Plan	229,738	0.03%
Maximum number of Shares available for issuance under the Employee Share Acquisition Plan	300,000	0.04%

The Employee Share Acquisition Plan does not provide for a maximum number of Shares which may be issued to an individual and the plan does not in itself limit insider participation.

Amendments

The Board may at any time amend any of the rules governing the Employee Share Acquisition Plan, or waive or modify the application of any of these rules in relation to any participating eligible employee.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The management of the Company is not aware of any material interest, direct or indirect, of any insider of the Company, or any associate or Affiliate of any such person, in any transaction during the Company's last three completed financial years, or during the current financial year, that has materially affected or is reasonably expected to materially affect the Company, except as set out elsewhere in this Management Proxy Circular or as described below.

- On June 17, 2008, the Company entered into a loan agreement providing a non-revolving line of credit for up to A\$91 million with Ivanhoe Mines Limited ("IVN"). The advance under this Line of Credit incurred interest at a rate of BBR plus 2.5% per annum. The loan was repayable in full on June 17, 2013. The Company repaid A\$38 million from proceeds raised in the August 2008 IPO and an additional A\$27 million with proceeds raised in the September 2010 equity offer. The Company's loan balance of A\$30.6 million (CAD\$ 31.7 million) was repaid in full from the proceeds of the issuance of Ordinary Shares to IVN in November 2011.
- On November 10, 2011, the Company issued 66.6 million Ordinary Shares to IVN (through IAL Holdings Singapore Pte. Ltd.) at a price of A\$1.39 for total consideration of A\$92.6 million. As a result of IVN being a related party to Ivanhoe Australia, prior to the issuance the Company sought and received disinterested shareholder approval. A\$30.6 million of the subscription price was used in satisfaction of a loan from IVN noted above (resulting in the net proceeds from IVN of A\$62 million).
- On 10 August 2012, a "Graduated Working Capital Facility" was signed with Turquoise Hill Resources Limited ("TRQ") (formerly Ivanhoe Mines Limited or "IVN"), whereby a total facility amount of US\$50 million was to be provided in three tranches (US\$20 million, US\$20 million and US\$10million). During 2012, Ivanhoe Australia drew down a total of US\$31 million on this facility. Total fees and interest paid on the facility during the year totalled to US\$2.46 million. As at the end of 2012, the draw down on the working capital facility was fully repaid.
- On 27 November 2012, the Company issued 83.3 million Ordinary Shares to TRQ (through IAL Holdings Singapore Pte. Ltd) as part of an Entitlement Offering, at a price of A\$0.48 for total consideration of A\$40.0 million. A\$30.3 million of the subscription proceeds was used to repay the working capital facility from TRQ noted above.

CANADIAN CORPORATE GOVERNANCE STATEMENT

In 2005, the Canadian Securities Administrators adopted National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (the “Disclosure Instrument”) and National Policy 58-201 – *Corporate Governance Guidelines* (the “Guidelines”).

The Disclosure Instrument requires the Company to disclose its corporate governance practices with reference to various specified corporate governance criteria. The Guidelines set out a series of corporate governance practices that the Canadian Securities Administrators believe reflect a “best practices” standard to which they encourage Canadian public companies to adhere.

The disclosures below present the Company’s corporate governance practices in accordance with Form 58-101F1 under the Disclosure Instrument.

The Board is committed to ensuring the Company is properly managed and accordingly, the Directors have adopted enhanced corporate governance policies and practices designed to promote responsible management and conduct of the Company’s business. The Company’s Australian Corporate Governance Statement is set out in Schedule “A” to this Management Proxy Circular.

The main policies and practices currently in place are summarized below. In addition, many governance elements are set out in the constitution. The corporate governance structure adopted by the Company is designed to enable the Company to generally comply with the ASX Corporate Governance Council’s “Corporate Governance Principles and Recommendations”. In addition, many governance elements are set out in the constitution.

Board of Directors

Director Independence

The Board is currently made up of seven Non-executive Directors (namely Peter McMahon, Neville Henwood, Kyle Wightman, Ian R. Plimer, James E. Askew, Stephen McIntosh and Stewart Beckman) and the Managing Director, Robert Vassie. The Board brings together a broad range of qualifications, extensive industry and public company experience and a balanced skill set that has and is expected to continue to benefit Ivanhoe Australia. It is the Board’s policy that independent Non-executive Directors should be free from any business or other relationship that could materially compromise their independent judgment.

The Board considers a Director to be independent where he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the Director’s ability to act in the best interests of Ivanhoe Australia or the exercise of the Director’s unfettered and independent judgment. The Board will consider the materiality of any given relationship on a case-by-case basis.

The Board will review the independence of each Director in light of interests disclosed to the Board from time to time.

The Board currently includes four independent Non-executive Directors, Peter McMahon, Kyle Wightman, Ian R. Plimer, and James Askew. The Board considers that the Non-executive Directors, Stephen McIntosh, Stewart Beckman, and Neville Henwood are not independent because they are Directors and/or officers of Rio Tinto Group, which is a substantial shareholder in Turquoise Hill Resources and Ivanhoe Australia. The Managing Director, Robert Vassie, is not considered independent as he is an executive member of management.

Accordingly, the majority of the Non Executive Directors are independent Directors as determined under the Guidelines and also in compliance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations". The Board considers that the present composition of the Board is appropriate having regard to the circumstances of the Company.

Meetings of Non-Executive Directors

The Company's Non-executive Directors hold separate, regularly scheduled meetings at which members of management are not present.

The Non-executive Directors on each committee often go "in camera" in their committee meetings and request that any 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. The Lead Independent Non-executive Director attends all Committee meetings. The non-executive Directors convene separate meetings of the Non-executive Directors immediately before or after each Board meeting.

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 the section entitled "Election of Directors" starting on page 22 of this Management Proxy Circular.

Meeting Attendance Records

The number of Directors' meetings (including meetings of Committees of Directors) and the number of meetings attended by each of the Directors of the Company held during the financial year ended December 31, 2012, are set out below:

Name	Board of Directors		Audit and Finance Committee		Nomination, Governance and Remuneration Committee		Safety, Health and Environmental Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Robert Martin Friedland (i)	5	1	-	-	-	-	-	-
Peter Desmond Reeve (ii)	9	8	3	3	3	3	-	-
Sam Riggall (iii)	5	3	-	-	-	-	-	-
John Anthony Macken (iv)	4	1	-	-	-	-	-	-
Peter Graham Meredith (v)	3	1	2	2	3	3	-	-
Ian Rutherford Plimer	18	16	3	2	3	3	-	-
Kyle Wightman	18	18	5	5	3	3	-	-
Ines Scotland	18	16	5	4	3	3	1	1
James Edward Askew	18	15	2	2	2	1	-	-
Peter McMahon (vi)	12	12	3	3	-	-	-	-
Stewart Beckman (vi)	12	8	-	-	-	-	1	1
Neville Henwood (vi)	12	11	-	-	-	-	-	-
Stephen McIntosh (vi)	12	11	-	-	-	-	1	1

(i) Mr Friedland resigned on 19 April 2012

(ii) Mr Reeve resigned on 8 June 2012

(iii) Mr Riggall resigned on 19 April 2012

(iv) Mr Macken resigned on 12 April 2012

(v) Mr Meredith resigned on 12 April 2012

(vi) Attended 1 meeting as Board nominee and was thereafter appointed to the Board on 1 May 2012

Board Mandate

The Board is responsible for the overall corporate governance of Ivanhoe Australia including establishing and monitoring key performance goals. The Board has created a framework for managing Ivanhoe Australia including internal controls, a business risk management process and appropriate ethical standards.

The Board has a Charter that sets out the principles for the operation of the Board and describes the powers, functions and responsibilities of the Board. The Charter is available on the Company's website.

In dealing with corporate governance matters, Directors are entitled to seek independent professional advice at the expense of Ivanhoe Australia, subject to the Chairman's approval, not to be unreasonably withheld or delayed.

Nomination of Directors

The Remuneration Committee described under the heading "Committees of the Board" is responsible for advising the Board on the composition of the Board and its Committees

Position Descriptions

Chairman / Lead Independent Director

Peter McMahon is the Lead Independent Non-executive Director and Chairman of the Company. His responsibilities include:

- Providing a source of Board leadership;
- Ensuring that the Board functions effectively and independently of management;
- Setting Board agendas;
- 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.

Managing Director and CEO

The Company has a written position description for the Chief Executive Officer/ Managing Director. Robert Vassie is the Managing Director and CEO of the Company. The overall purpose of that role is to 'lead and grow the Company as a successful growth company that is well valued in the market'. Robert's responsibilities include:

- Shaping and leading the Company's vision and strategy;
- Growing the value of the Company consistent with vision and strategy;
- Ensuring a productive operating culture (including safety) wherever the Company operates;
- Ensuring there is an appropriate suite of systems, standards, policies and procedures in place and operating property to underpin reliable performance against plan

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- Warranting the delivery of operational cash flow in a manner consistent with the Company's values and without compromising the future;
 - Ensuring smooth Board operations, including the provision of appropriate information; and
 - Contributing productively as an Ivanhoe Australia Board Director and as a director on other boards as required for the Company's operations.

Chairman of the Audit and Finance Committee

Kyle Wightman is an Independent Non-executive Director and Chairman of the Audit and Finance Committee. His responsibilities include:

- Determining an agenda for the meeting and ensuring agenda and any papers are distributed well in advance of the meeting;
- Examining the accounting policies of the Company to determine whether they are appropriate and in accordance with generally accepted practices;
- Ensuring that truth and fairness is reflected in the preparation and publication of the Company's financial reports;
- Meeting regularly with internal and external auditors to reinforce their respective independence and to determine the appropriateness of internal and external audit procedures;
- Reviewing the performance of the internal and external auditors and providing them with confidential access to the Board;
- Receiving from the external auditors a formal written statement delineating all relationships between the auditors and the Company and confirming compliance with all professional and regulatory requirements relating to auditor independence;
- Referring matters of concern to the Board, as appropriate, and considering issues which may impact on the financial reports of the Company; and
- Reviewing and signing the minutes.

Chairman of the Nomination, Governance and Remuneration Committee

Jim Askew is an Independent Non-executive Director and Chairman of the Nomination, Governance and Remuneration Committee. His responsibilities include:

- Setting the agenda for meetings and ensuring the agenda and any committee papers are circulated at least one week prior to the meeting;
- Determining and agreeing with the Board the framework or broad policy for the remuneration of the Company's Chairman, CEO, executive Directors, the company secretary and such other members of the executive management as it is designed to consider;
- Reviewing the ongoing appropriateness and relevance of the remuneration policy;
- Obtaining reliable, up to date information on remunerating practices in other similar companies;
- Appointing remuneration consultants and commissioning reports or surveys deemed necessary;
- Approve the design of and determining the targets for any performance related incentive schemes operated by the Company and approving the total annual payments made under any such schemes;

- For personal use only
- Reviewing the design of all share incentive plans for approval by the Board and Shareholders and the performance targets to be used;
 - Overseeing any major changes in employee benefit structures throughout the Company;
 - Reporting and making recommendations to the Board on its proceedings after each meeting on matters within its duty and responsibility; and
 - Reviewing and signing the minutes of any meeting.

Chairman of the Safety, Health and Environment Committee

Stewart Beckman is a Non-executive Director and Chairman of the Safety, Health and Environment Committee. His responsibilities include:

- Ensuring the agenda is prepared and distributed at least one week prior to the meeting;
- Chairing the meeting and ensuring all members have the opportunity to participate;
- In consultation with committee members arranging workplace safety inspections and investigations;
- Instructing external safety experts to review the company's policies, practices and procedures;
- Considering the Company's operational health and safety performance and identifying any current or emerging issues;
- Reviewing any notifiable incidents since the previous meeting;
- Delegating tasks to committee members as appropriate; and
- Reviewing and signing the minutes.

Orientation and Continuing Education

The Company takes steps to ensure that prospective Directors fully understand the role of the Board and its Committees, and the contribution individual Directors are expected to make, including in particular the commitment of time and energy that the Company expects of its Directors. In addition, new Directors are provided with a comprehensive information package, including pertinent corporate documents and a Director's manual containing information on the duties, responsibilities and liabilities of Directors. New Directors are also briefed by management as to the status of the Company's business.

Management and outside advisors provide information and education sessions to the Board and its Committees on a continuing basis as necessary to keep the Directors up-to-date with the Company, its business and the environment in which it operates as well as with developments in the responsibilities of directors, corporate governance, ethics and compliance.

Presentations are made to the Board from time to time to educate and keep them informed of changes within the Company and of regulatory and industry requirements and standards.

Ethical Business Conduct

The Company has a Statement of Values and Responsibilities, a corporate Code of Conduct (which applies to all Directors and employees) and a Code of Conduct for Directors and senior executives which embrace high standards of personal and corporate conduct. The Statement of Values and Responsibilities and the Codes of Conduct are available on the Company's website.

The Code of Conduct covers the following:

- compliance with laws, rules and regulations;
- managing actual and potential conflicts of interest;
- corporate opportunities such as preventing Directors and key executives from taking improper advantage of property, information or position for personal gain;
- employment practices such as occupational health and safety and equal opportunity;
- responsibilities of the individual, such as use of privileged and confidential information;
- usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure; and
- reporting of unlawful or unethical behaviour.

The Board monitors compliance through a re-affirmation by all employees that they have complied with Turquoise Hill Resources Limited's Code of Conduct. On a monthly basis the Company Secretary reports to the Board any human resources incidents including those related to breaches of the Code of Conduct. Ivanhoe Australia currently utilises Turquoise Hill Resources Limited's whistle blowing system to provide an avenue for employees to report non-compliance with the Code of Conduct.

Compensation

The process by which the Board determines the compensation for Directors and executives is described in the section titled "Executive Compensation." The Remuneration Committee, described under the heading "Committees of the Board", is responsible for compensation matters.

Assessments

The full Board, each Board Committee, the Chair of each Committee, the Lead Independent Director and the Chairman are required to undertake self assessments each year. The assessments seek to provide an open, transparent forum for evaluation of strengths / weaknesses identification of measures which might improve Board performance, participation and reporting. The assessments are designed to assist the Board in determining how well it is functioning and identifying areas in which improvement is required.

Committees of the Board

The Committees of the Board consist of an Audit and Finance Committee (the “Audit Committee”), a Remuneration Committee as previously defined and a Safety, Health, and Environmental Committee (the “Safety Committee” and collectively the “Committees”).

Audit and Finance Committee

Role

The Board has established the Audit Committee. The role of the Audit Committee is to advise on internal controls and appropriate standards of Ivanhoe Australia and the management of the Company. The Audit Committee also confirms the quality and reliability of Ivanhoe Australia’s financial information, working on behalf of the Board with the Company’s external auditor, PricewaterhouseCoopers. The Audit Committee reviews non-audit services provided by the external auditor to confirm that they are consistent with maintaining external auditor independence.

The Audit Committee provides advice to the Board and reports on the status of the business risks to the Company through its risk management processes aimed at ensuring risks are identified, assessed and properly managed.

The charter of the Audit Committee is attached as Schedule B to this Management Proxy Circular.

Composition

The Audit and Finance Committee consists of three Independent Non-Executive Directors Kyle Wightman (Chairman), James Askew and Peter McMahon.

Based on their business and educational experiences, each Audit Committee member has a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analysing or evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

Each of the members of the Audit Committee has had several years of experience as a senior executive and a member of the board of directors of significant business enterprises in which they have assumed substantial financial and operational responsibility. In the course of these duties, the members have gained a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience analysing and evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company’s financial statements or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board of Directors.

Auditor

The auditors of the Company for the year ended December 31, 2012 are PricewaterhouseCoopers, Chartered Accountants ("PwC"). They were approved as auditors of the Company on May 29, 2012.

Auditors Fees

The following table sets forth the fees paid by the Company and its subsidiaries to PricewaterhouseCoopers, the current auditors, for services rendered during the financial years ending December 31, 2012. Deloitte Touche Tomhatsu were the auditors during the year ended December 31, 2011:

	2012	2011
Audit fees ⁽¹⁾	A\$135,500	A\$56,000
Audit-related fees ⁽²⁾	A\$23,000	A\$70,515
Tax fees	-	-
All other fees ⁽³⁾	\$2,000	\$18,300
Total	A\$160,500	A\$144,815

⁽¹⁾ The aggregate audit fees billed by the Company's auditor (or accrued).

⁽²⁾ The aggregate fees billed (or accrued) for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees", including for quarterly reviews.

⁽³⁾ The aggregate fees billed (or accrued) for professional services rendered for tax compliance, tax advice and tax planning.

Nomination, Governance and Remuneration Committee

The Remuneration Committee is responsible for advising the Board on the composition of the Board and its Committees, reviewing the performance of the Board and individual Directors and developing succession plans.

In making recommendations to the Board regarding the appointment of Directors, the Remuneration Committee periodically assesses the appropriate mix of skills, experience and expertise required on the Board and assesses the extent to which the required skills and experience are represented on the Board.

The Remuneration Committee is also responsible for ensuring that the Directors and management are remunerated fairly, and for overseeing the remuneration and human resources policies and practices of the Company. In addition, the Remuneration Committee is responsible for the implementation and management of the Company's share plan(s) (under which Performance Rights have been issued).

The Remuneration Committee is also responsible for ensuring the Board is aware of and complies with corporate governance best practices, and has responsibility for legal and regulatory risk and overseeing disclosure and reporting. The Remuneration Committee may obtain information from, and consult with, management and external advisers, if it considers it appropriate.

As at the date of this report, the Nomination, Governance and Remuneration Committee consists of the two Independent Non-Executive Directors James Askew (Chairman), Ian Plimer, and one Non-Executive Director, Neville Henwood.

Safety, Health and Environment Committee

The role of the Safety Committee is to ensure that the Company has established appropriate practices in the areas of safety, health and environmental management in all of its activities and appropriate compliance and reporting systems in these areas.

As at the date of this report, the Safety, Health and Environment Committee consists of two Non-Executive Directors, Stewart Beckman(Chair), Stephen McIntosh, and one Executive Director, Robert Vassie.

Summary of Board and Committee Meetings Held

The following table summarizes Board and Committee meetings held during the year ended December 31, 2012:

Board	18
Audit and Finance Committee	5
Nomination, Governance and Remuneration Committee	3
Safety, Health and Environmental Committee	1

During 2012, the following meetings were held by teleconference:

- (i) fourteen (14) meetings of the Board;
- (ii) three (3) meetings of the Audit and Finance Committee;
- (iii) three (3) meetings of the Remuneration Committee; and
- (iv) one (1) meeting of the Safety, Health and Environmental Committee.

There were twenty-seven (27) resolutions passed in writing by the Board. Eleven (11) Resolutions were passed by the Audit & Finance Committee in 2012. One (1) Resolution was passed by the Remuneration Committee. Resolutions in writing must be executed by a majority of the Directors entitled to vote on a matter.

ADDITIONAL INFORMATION

The Company will provide to any person, upon request to the Company's Company Secretary at Level 13, 484 St. Kilda Road, Melbourne, Victoria, Australia 3004, one copy of the Company's Annual Report for the year ended December 31, 2012, which includes the financial statements of the Company for the most recently completed financial year and the audit opinion issued thereon and/or one copy of the Company's Management's Discussion and Analysis in respect of such financial year. Financial information about the Company is provided in such financial statements and in Management's Discussion Analysis.

Copies of the above documents will be provided free of charge to Shareholders. The Company reserves the right to require payment of a reasonable charge by any person or company who is not a Shareholder and who requests a copy of such document. Additional information relating to the Company is available on the Company's profile on the ASX website at www.asx.com.au or on SEDAR at www.sedar.com.

DIRECTORS' APPROVAL

The contents of the Explanatory Notes and Management Proxy Circular and the distribution thereof to Shareholders have been approved by the Board of the Company.

DATED at Melbourne, Victoria, this 8th day of April 2013.

BY ORDER OF THE BOARD OF DIRECTORS



Annabelle Brooks
Company Secretary

SCHEDULE "A"

IVANHOE AUSTRALIA LIMITED CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Ivanhoe are committed to conducting the Company's business in an ethical manner and in accordance with corporate governance 'best practices'.

This statement outlines the Company's corporate governance practices for the financial year, which comply with the ASX Corporate Governance Council recommendations (as applicable to the Company for the financial year), unless otherwise stated.

Principle 1 – Lay solid foundations for management and oversight

Role of the Board

The Board is responsible for the overall corporate governance of the Company.

The Company has adopted a Board Charter ('the Charter') which sets out the principles for the operation of the Board and describes the powers, functions and responsibilities of the Board. The key responsibilities of the Board include:

- overseeing the composition of the Board including consideration of the skills and competency of the directors;
- overseeing and appraising the strategies, policies and performance of Ivanhoe;
- approving annual budgets and major expenditure items;
- overseeing the Company's risk management compliance and corporate governance policies;
- approving and monitoring internal and external reporting;
- approving dividends and distributions;
- appointing (and if appropriate removing) and monitoring the performance of the Executive Officers; and
- reviewing senior executive succession planning.

The Charter also sets out the powers, functions and responsibilities of the Chief Executive Officer and executive team.

The Charter is available on the Company's website.

The roles and responsibilities of each sub-committee chair are not in documented form. Each committee acts collectively to achieve its objectives and responsibilities as documented within its sub-committee charter.

Performance evaluation

The Board has established a Nomination, Governance and Remuneration Committee, which is responsible for evaluating the performance of senior executives.

The Committee has established a Work Performance System (WPS). The WPS sets performance goals for senior executives and employees of the Company. The goals are aligned to Company strategic goals and are measured bi-annually against performance.

Performance evaluation of senior executives and employees took place during the 2012 financial year in accordance with the WPS.

Principle 2 – Structure the Board to add value

The Directors of the Company and details of their skills, qualifications, attendances at meetings and the period of office held are included on pages 2 to 5 of the Annual Financial Report.

Composition

The Board includes four Independent Non-Executive Directors, Peter McMahon (Chairman), Kyle Wightman, James Askew and Ian Plimer. The Board considers that the composition of the Board is appropriate having regard to the experience and skills of the directors and to Turquoise Hill Resources Limited's majority shareholding interest in the Company.

Independence

As at the date of this report, the Board considers that the Non-Executive Directors, Stephen McIntosh, Stewart Beckman and Neville Henwood are not independent because they are directors,

officers and/or nominees of the parent entity, Turquoise Hill Resources Limited.

Accordingly, a majority of the Board's Non executive Directors are Independent Directors. The Board considers the present composition to be appropriate in the circumstances of the Company.

The Board establishes information walls between the Company's associates and its directors and employees for any transactions, when considered appropriate, as a result of interests in each such associated company. In other instances, where matters arise in which directors have an interest, such directors are either requested to excuse themselves from the board meeting or, to the extent they are allowed to be present in accordance with applicable law, are not permitted to vote on the matter. In this manner the Board promotes the independent judgment of its constituent members.

In order to facilitate the exercise of independent judgment by its members, the Board: (i) have a written position description for the Lead Independent Director; and (ii) establishes sub-committees, in which Independent Directors are members.

The Non-Executive Directors convene separate meetings of the Non-Executive Directors immediately before or after each board meeting.

Education and Qualifications

The Company takes steps to ensure that prospective Directors fully understand the role of the Board and its committees, and the contribution individual Directors are expected to make, including in particular the commitment of time and energy that the Company expects of its Directors. In addition, new directors are provided with a comprehensive information package, including pertinent corporate documents and a Director's manual containing information on the duties, responsibilities and liabilities of Directors. New Directors are also briefed by management as to the status of the Company's business.

Management and outside advisors provide information and education sessions to the Board and its committees on a continuing basis as necessary to keep the directors up-to-date with the Company, its business and the environment in which it operates as well as with developments in the

responsibilities of directors, corporate governance, ethics and compliance.

Presentations are made to the Board from time to time to educate and keep them informed of changes within the Company and of regulatory and industry requirements and standards.

Nomination, Governance and Remuneration Committee

The Board has established a Nomination, Governance and Remuneration Committee, which has a written charter that is available on the Company's website.

The Nomination, Governance and Remuneration Committee is responsible for establishing processes for evaluating the performance of the Board, and other Board Committees both collectively and individually.

As at the date of this report, the Nomination, Governance and Remuneration Committee consists of the two Independent Non-Executive Directors James Askew (Chairman), Ian Plimer, and one Non-Executive Director, Neville Henwood. The Nomination, Governance and Remuneration Committee met 3 times during the financial year and Committee members' attendance record is disclosed in the table of Directors' meeting on page 4 of the Annual Financial Report.

The Nomination, Governance and Remuneration Committee, together with the Board, reviews what competencies, skills and personal qualities it should seek in new Board members in order to add value to the Company, in light of the Company's current needs. The Nomination, Governance and Remuneration Committee annually assess the current competencies and characteristics represented on the Board to determine the Board's strengths and identify any gaps that need to be filled. This analysis assists the Nomination, Governance and Remuneration Committee in discharging its responsibility for selecting new nominees to the Board.

While the Board functions effectively given the Company's stage of development and the size and complexity of its business, the Board, through its Nomination, Governance and Remuneration Committee, will continue to seek qualified candidates to augment the Board's experience and expertise and to

enhance the Company's ability to effectively develop its business interests.

Performance review

The Board periodically conducts a formal review of its performance, as well as that of each of its Committees and Directors. This review is facilitated by the Chairman, Peter McMahon.

Independent professional advice

Directors may seek independent professional advice and, if the Chairman of the Board consents, the Company will pay a Director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

Principle 3 – Promote ethical and responsible decision making

Code of Conduct

The Company has a Statement of Values and Responsibilities, a corporate Code of Conduct (which applies to all Directors and employees) and a Code of Conduct for Directors and senior executives which embrace high standards of personal and corporate conduct. The Statement of Values and Responsibilities and the Codes of Conduct are available on the Company's website.

The Code of Conduct covers the following:

- compliance with laws, rules and regulations;
- managing actual and potential conflicts of interest;
- corporate opportunities such as preventing Directors and key executives from taking improper advantage of property, information or position for personal gain;
- employment practices such as occupational health and safety and equal opportunity;
- responsibilities of the individual, such as use of privileged and confidential information;
- usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure; and
- reporting of unlawful or unethical behaviour.

The Board monitors compliance through a re-affirmation by all employees that they have complied with Turquoise Hill Resources Limited's Code of Conduct. On a monthly basis the Company Secretary reports to the Board any human resources incidents which include those related to breaches of the Code of Conduct. The Company currently utilises Turquoise Hill Resources Limited's whistle blowing system to provide an avenue for employees to report non-compliance with the Code of Conduct.

Diversity

The Company has implemented a Diversity Policy across its operations. The Diversity Policy was approved by the Board on 15 March 2013 and is available on the Company's website.

The Diversity Policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to annually assess both the objectives and the progress in achieving them.

Under the Diversity Policy, the Nomination, Governance and Remuneration committee will be required to, at least annually, review and report on the relative proportion of women and men in the Company's workforce at all levels.

During the financial year the Board did not establish measurable objectives for achieving gender diversity, because the Company was in the midst of a complex change from explorer to producer with the Board unable to set measurable objectives as no baseline data of the diversity mix was available. The baseline data is now available to set measurable objectives, which will be set for the 2013 financial year.

Regarding the current gender diversity in the Company as at 8 April 2013;

- there are currently no female Directors out of a total of 8 Directors. Ines Scotland, interim CEO and Managing Director having resigned from the Board on 14 January 2013;
- 2 women hold senior executive positions out of a total of 8 senior executive positions;
- currently 1 woman holds a management position out of a total of 11 management positions; and

- there are approximately 42 women employees (all were full time equivalent employees) out of a total of 239 employees of the Company.

Trading in securities

The Company has established a Share Trading Policy, which is available on the Company's website.

In accordance with the prohibition in the Corporations Act, the Share Trading Policy states that Directors, senior management and employees may not trade in Ivanhoe Australia securities at any time if they are in possession of inside information.

In addition to the restrictions imposed on trading with inside information, Directors, senior management and employees are not permitted to trade in the Company's securities during the two weeks prior to the announcement or filing of the Company's quarterly report, financial statements (quarterly, half-yearly and annually). If the Company elects to file its financial statements earlier than the deadlines set out by applicable Canadian securities laws, the TSX or ASX, the Company Secretary will advise its Directors, senior management and employees of the revised trading restrictions

At all times, clearance must be obtained from an 'Approving Officer'.

The Policy also sets out:

- when Directors, senior management and other employees may deal in listed securities of another entity (because they may obtain inside information about another entity while performing their duties for the Company); and
- procedures to reduce the risk of insider trading.

Principle 4 – Safeguard integrity in financial reporting

Audit and Finance Committee

The Board has established an Audit and Finance Committee. The Committee has a formal written Charter, which is available on the Company's website.

All members of the Committee have a good knowledge of finance and accounting practices (see details of their

respective skills and experience in the Directors' Report).

The Audit and Finance Committee met 5 times during the financial year and Committee members' attendance record is disclosed in the table of Directors' meetings on page 4 of the Annual Financial Report.

As at the date of this report, the Audit and Finance Committee consists of three Independent Non-Executive Directors, Kyle Wightman (Chairman), James Askew and Peter McMahon.

The Company's external auditors are invited to attend meetings of the Audit and Finance Committee.

The Company monitors the performance of the external auditor on an annual basis and ensures the rotation of the external engagement partner occurs within the prescribed guidance timelines.

Auditor independence

The Committee is cognisant of the Company's need to maintain an independent auditor.

Principle 5 – Make timely and balanced disclosure

Ivanhoe is committed to providing timely, open and accurate information to all of its stakeholders, including Shareholders, regulators and the investment community.

The Company has adopted a Market Disclosure Protocol designed to ensure compliance with the disclosure requirement set out in the Corporations Act 2001 (Cth), the ASX Listing Rules and the Ontario Securities Act and to ensure accountability at a senior executive level for that compliance. The Market Disclosure Protocol is available on the Company's website.

In summary, the objectives of the Market Disclosure Protocol are to:

- ensure the Company immediately discloses all requisite information to the ASX, the TSX and applicable Canadian securities laws in accordance with the applicable rules and regulations;
- ensure officers and employees are aware of the Company's continuous disclosure obligations; and
- establish procedures for :

- the collection of all potentially price-sensitive information;
- assessing if information must be disclosed to applicable security exchanges;
- releasing to the ASX and general dissemination in Canada, information which the Company is required to disclose; and
- responding to any queries from the relevant exchanges.

The Board has established the Market Disclosure Committee to ensure compliance with its disclosure requirements. This Committee comprises the following:

- Board Chairman;
- Chief Executive Officer;
- Chief Financial Officer;
- Senior Vice President – Corporate and Markets; and
- Company Secretary.

Decisions of the Market Disclosure Committee are by simple majority vote of those members of the committee available when a decision is required, with a minimum of 2 committee members to be present. If the Market Disclosure Committee cannot reach consensus on whether a matter is price sensitive, the matter must be referred to the full Board.

Principle 6 – Respect the rights of Shareholders

The Board aims to ensure that Shareholders and the broader investment community are fully informed of all relevant information necessary to assess the performance of the Directors, management and the Company.

The Company's Market Disclosure Protocol which is clearly marked under the Corporate Governance section on the Company's website deals with communication to Shareholders through announcements on the ASX and general dissemination in Canada as applicable.

The Board ensures that Shareholders are informed of all major developments affecting the Company's state of affairs through the Company's annual and interim results announcements, annual report, quarterly mining exploration entity reports, annual general meeting, public

announcements and through the Company's website. The Company publicly releases all information disclosed to the ASX or general dissemination in Canada under its Market Disclosure Protocol by placing it on its website.

Principle 7 – Recognise and manage risk

Oversight of the risk management system

The Board, through the Audit and Finance Committee, recognises its responsibility for ensuring that there are adequate policies, procedures and systems in place in the Company in relation to risk management, compliance and internal control systems.

The Company has completed a formal review of its internal control procedures, and has developed a risk register and Risk Management Policy for the oversight and management of material business risks.

The Company has established a Safety, Health and Environment Committee to ensure appropriate practices in the areas of safety, health and environmental management in all of its activities and appropriate compliance and reporting systems in these areas.

As at the date of this report, the Safety, Health and Environment Committee consists of two Non-Executive Directors, Stewart Beckman (Chair), Stephen McIntosh, and one Executive Director, Robert Vassie.

Risk reporting

The Chief Executive Officer and Chief Financial Officer, having made the appropriate enquiries, have each given the Board:

- a declaration that the financial records of the Company have been properly maintained and that the Company's financial statements, and notes, for the financial year present a true and fair view of the financial position and performance of the Company and comply with relevant accounting standards; and
- an assurance that the declaration given by them is based on a sound system of risk management and internal compliance and control and the system is operating effectively

in all material respects in relation to financial reporting risks.

Management is also required to report to the Audit and Finance Committee and the Board on whether material business risks are being managed effectively.

The material business risks are disclosed within the Annual Information Form which is reported annually to both the ASX and filed on SEDAR in Canada.

Principle 8 – Remunerate fairly and responsibly

The Board has established the Nomination, Governance and Remuneration Committee, which has a written charter that is available on the Company's website.

The structure of Executive and Non-Executive Director remuneration is described in detail in the Remuneration Report which forms part of the Director's Report.

The Independent Non-Executive Directors receive a cash fee for service, as well as statutory superannuation.

Following a recommendation from the Remuneration Committee to the Board the only Director currently eligible to participate in the Company's share plan is the Managing Director and Chief Executive Officer, Robert Vassie.

The Company considers that this remuneration structure is appropriate taking into account the fact that there is a need to conserve cash resources. Performance Rights are therefore considered an appropriate form of remuneration.

Further, the Company's remuneration structure is consistent with the remuneration policies of the Company's majority shareholder, Turquoise Hill Resources Limited.

Corporate Governance Documents

The following documents are available at the 'Corporate Governance' section of the Company's website at (<http://www.ivanhoeaustralia.com/s/CorporateGovernance.asp>):

- Share Trading Policy;
- Statement of Values and Responsibilities;
- Market Disclosure Protocol;
- Safety Committee Charter;

- Board Charter;
- Audit and Finance Committee Charter;
- Code of Conduct for Directors / Senior Executives;
- Code of Conduct; and
- Nomination and Remuneration Committee Charter.

SCHEDULE "B"

Audit and Finance Committee Charter

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Audit and Finance Committee charter

Ivanhoe Australia Limited ACN 107 689 878 (**Company**)

MinterEllison

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Audit and Finance Committee charter

1. Introduction

- 1.1 The Audit and Finance Committee is a committee of the board of directors of Ivanhoe Australia Limited (**Company**).
- 1.2 The board established the Audit and Finance Committee under the Company's constitution.
- 1.3 This charter sets out the scope of the Audit and Finance Committee's responsibilities in relation to the Company and its controlled entities (**Group**).
- 1.4 The role of the Audit and Finance Committee is not an executive role.

2. Objective

The objectives of the Audit and Finance Committee are to:

- (a) help the board achieve its objective in relation to:
 - (i) financial reporting;
 - (ii) the application of accounting policies;
 - (iii) business risks, policies and practices;
 - (iv) financial compliance;
 - (v) legal and regulatory compliance; and
 - (vi) internal control and risk management systems;
- (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
- (c) promote a culture of compliance;
- (d) encourage and promote communications between the board and the senior financial compliance manager;
- (e) provide a forum for communication between the board and senior financial compliance management;
- (f) maintain and improve the effectiveness of the internal and external group audit functions and communication between the board and the external and internal auditors; and
- (g) maintain and improve the effectiveness of financial compliance strategies and financial compliance functions.

3. External financial reporting

The Audit and Finance Committee is responsible for:

- (a) assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;

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- (b) obtaining an independent judgment from the external auditor about:
 - (i) the acceptability and appropriateness of accounting policies and principles put forward by management; and
 - (ii) the clarity of current or proposed financial disclosure practices as put forward by management;
 - (c) assessing any significant estimates or judgments in the financial reports (including those in any consolidated financial statements) by:
 - (i) querying management as to how they were made; and
 - (ii) querying the external auditors as to how they concluded that those estimates were reasonable;
 - (d) reviewing compliance with all related party disclosures required (where applicable) by accounting standards, corporate and securities law, stock exchange, or other regulatory requirements;
 - (e) assessing information from internal and external auditors that may affect the quality of financial reports (for example, actual and potential material audit adjustments, financial report disclosures, non-compliance with laws and regulations, and internal control issues);
 - (f) reviewing any quarterly, half-yearly, annual financial reports (including those prepared on a consolidated basis), management's discussion and analysis, and any announcements regarding the foregoing, prior to filing or distribution of such statements with management, advisers and the internal and external auditors (as appropriate) to assess (among other things):
 - (i) the compliance of accounts with accounting standards and applicable corporate and securities law, stock exchange, or other regulatory requirements; and
 - (ii) the nature and impact of any changes in accounting policies during the applicable period;
 - (g) discussing any draft audit opinion letter with the external auditors before it is finalised;
 - (h) receiving any management letter from the external auditors;
 - (i) recommending for adoption by the board interim and final financial reports and the annual report;
 - (j) reviewing documents and reports to regulators and recommending to the board for their approval or amendment; and
 - (k) following up on any matter raised by the board regarding financial reports, audit opinions and management letters.

4. Risk management and internal control

The Audit and Finance Committee is responsible for:

Risk management and internal compliance and control systems

- (a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems; and

- (b) approving and recommending to the board for adoption policies and procedures on risk oversight and management to establish an effective and efficient system for:
- (i) identifying, assessing, monitoring and managing risk; and
 - (ii) disclosing any material change to the risk profile;
- (c) regularly reviewing and updating the risk profile;
- (d) assessing the adequacy of the internal risk control system with management and internal and external auditors to ensure compliance with laws and regulations applicable to the Company;
- (e) monitoring the effectiveness of the internal risk control system;
- (f) ensuring the risk management system takes into account all material risks, including but not limited to risks arising from:
- (i) implementing strategies (strategic risk);
 - (ii) operations or external events (operational risk);
 - (iii) legal and regulatory compliance (legal risk);
 - (iv) changes in community expectation of corporate behaviour (reputation risk);
 - (v) a counterparty's financial obligations within a contract (credit risk);
 - (vi) changes in financial and physical market prices (market risk); and
 - (vii) being unable to fund operations or convert assets into cash (liquidity risk);
- (g) assessing if management has controls in place for unusual transactions and any potential transactions that may carry more than an acceptable degree of risk;

Key financial risk

- (h) assessing and prioritising the areas of greatest potential financial risk, including:
- (i) safeguarding assets;
 - (ii) litigation and claims;
 - (iii) non-compliance with laws, regulations, standards and best practice guidelines that may result in significant financial loss;
 - (iv) important judgments and accounting estimates; and
 - (v) maintenance of proper accounting records;
- (i) assessing the internal process for determining areas of greatest potential financial risk;
- (j) assessing and monitoring the management of areas of greatest potential financial risk;
- (k) reporting to the board on the adequacy of the financial risk management;

Disclosure and reporting

- (l) ensuring management establishes a comprehensive process to capture financial information that must be disclosed under applicable securities law, stock exchange or other regulatory requirements;
- (m) reviewing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting of financial

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information (including, among other things, interim reporting, open or one-on-one briefings and continuous disclosure);

- (n) assessing internal control systems relating to the release of potentially adverse financial information;
- (o) establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (p) review the appointment of the Chief Financial Officer and any key financial executives involved in the financial reporting process and recommend to the board any changes in such appointment; and
- (q) reviewing for completeness and accuracy the reporting of corporate governance practices in accordance with securities law, stock exchange or other regulatory requirements applicable to the Company.

5. External audit

The Audit and Finance Committee is responsible for:

- (a) approving and recommending to the board for acceptance, the external auditor and the terms of engagement with the external auditor at the beginning of each year;
- (b) overseeing the work of the external auditor, and regularly reviewing with the external auditor:
 - (i) the scope of the external audit;
 - (ii) identified risk areas; and
 - (iii) any other agreed procedures;
- (c) approving and recommending to the board for adoption, policies and procedures for appointing or removing an external auditor, including criteria for:
 - (i) technical and professional competency;
 - (ii) adequacy of resources; and
 - (iii) experience, integrity, objectivity and independence;
- (d) recommending to the board for approval, the appointment or removal of an external auditor based on those policies and procedures referred to in paragraph (c);
- (e) reviewing and assessing on a regular basis the compliance of the external auditor with criteria referred to in paragraph (c);
- (f) confirm with the external auditor and receive written confirmation at least once per year (i) indicating that the external auditor is a member in good standing with the Canadian Public Accountability Board (CPAB) and comparable bodies in Australia and elsewhere to the extent required and disclosing any sanctions or restrictions imposed by the CPAB and such other comparable bodies; and (ii) responding to any other reasonable request of the Audit and Finance Committee for confirmation as to their qualifications to act as the Company's external auditor;
- (g) recommending to the board the remuneration of the external auditor;

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- (h) regularly reviewing the effectiveness and independence of the external auditor taking into account:
 - (i) the length of appointment;
 - (ii) the last dates lead engagement partners were rotated;
 - (iii) an analysis and disclosure of fees paid to external auditors, including the materiality of fees paid for non-audit services and the nature of those services; and
 - (iv) any relationships with the Group or any other body or organisation that may impair or appear to impair the external auditor's independence;
 - (i) satisfying itself that the external auditor can do an effective, comprehensive and complete audit for the external auditor's set fee;
 - (j) pre-approving all non-audit services to be provided by the external auditor, and in doing so considering how such services may impair or appear to impair the external auditor's independence, and if approved by the Audit and Finance Committee, the delegation of the pre-approval requirement to an independent member of the committee in accordance with applicable securities law, stock exchange and other regulatory requirements;
 - (k) meeting periodically with the external auditors and inviting them to attend Audit and Finance Committee meetings to:
 - (i) review their plans for carrying out internal control reviews;
 - (ii) consider any comments made in the external auditor's management letter, particularly, any comments about material weaknesses in internal controls and management's response to those matters; and
 - (iii) make recommendations to the board;
 - (l) asking the external auditor if there have been any significant disagreements with management, whether or not they have been resolved;
 - (m) monitoring and reporting to the board on management's response to the external auditor's findings and recommendations;
 - (n) reviewing all representation letters signed by management and ensuring information provided is complete and appropriate;
 - (o) reviewing all reports required to be submitted by the external auditor to the Audit and Finance Committee under applicable securities laws, stock exchange or other regulatory requirements; and
 - (p) receiving and reviewing the reports of the external auditor.

6. Internal audit

The Audit and Finance Committee is responsible for:

- (a) ratifying the engagement and dismissal by management of any chief internal audit executive;
- (b) ensuring the internal audit team reports directly to the Audit and Finance Committee.
- (c) ensuring any chief internal audit executive is independent of the external auditor;
- (d) ensuring the external auditor does not provide internal audit services;

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- (e) overseeing the scope of the internal audit, including reviewing the internal audit team's mission, charter, qualifications and resources;
 - (f) reviewing and approving the scope of the internal audit plan and work programme;
 - (g) monitoring the progress of the internal audit work programme and considering the implications of the internal audit findings for the control environment;
 - (h) monitoring and reporting to the board on management's responsiveness to internal audit findings and recommendations;
 - (i) evaluating the process for monitoring and assessing the effectiveness of the internal audit function;
 - (j) overseeing the liaison between the internal audit team and the external auditor; and
 - (k) receiving and reviewing the internal audit team's reports.

7. Group audit committees

The Audit and Finance Committee is responsible for:

- (a) reviewing and approving the charter of any committee dealing with audit, risk management and compliance within the Group; and
- (b) receiving and reviewing reports from any such committee.

8. Other responsibilities

The Audit and Finance Committee is responsible for:

- (a) assessing and recommending to the board for adoption the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement, professional indemnity, crime, special accident and trustees liability;
- (b) if it considers appropriate, investigating any complaint or allegation made to it;
- (c) Review and approve (a) any change or waiver in the Company's code of conduct applicable to senior financial officers and (b) any disclosures made under applicable securities law, stock exchange or other regulatory requirements regarding such change or waiver";
- (d) reporting to the board on any industry development affecting the control environment;
- (e) reviewing and monitoring any related party transaction and recommending its approval; and
- (f) ensuring the audit, risk management and compliance policies and procedures are adequately documented and that those documents are reviewed and updated for any legal and regulatory developments.

9. Audit and Finance Committee composition

- 9.1 The Audit and Finance Committee must comprise at least three or more non-executive directors, each of whom must, unless a valid exemption exists, satisfy the independence, financial literacy, expertise and experience requirements under the laws governing the Company, applicable securities law, stock exchange, and any other regulatory requirements applicable to the Company.

- 9.2 The Audit and Finance Committee will appoint its chairperson. The chairperson must be an independent director and may not be the chairperson of the board.
- 9.3 The Audit and Finance Committee will appoint a recording secretary.
- 9.4 The Audit and Finance Committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.
- 9.5 Each member of the Audit and Finance Committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with experience of financial and accounting matters.
- 9.6 Each member of the Audit and Finance Committee should have an understanding of the industry in which the Group operates.
- 9.7 The board will decide appointments, rotations and resignations within the Audit and Finance Committee having regard to corporate and securities law, stock exchange or other regulatory requirements applicable to the Company.
- 9.8 A member may act by their alternate.

10. Audit and Finance Committee meetings

- 10.1 The Audit and Finance Committee will meet as often as it considers necessary.
- 10.2 A quorum for an Audit and Finance Committee meeting is a majority of the Audit and Finance Committee members.
- 10.3 Audit and Finance Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 10.4 The Audit and Finance Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the *Corporations Act 2001* (Cth).
- 10.5 The Audit and Finance Committee may invite other persons it regards appropriate to attend Audit and Finance Committee meetings.

11. Minutes of Audit and Finance Committee meetings

- 11.1 The Audit and Finance Committee must keep minutes of its meetings.
- 11.2 Minutes of each Audit and Finance Committee meeting must be included in the papers for the next full board meeting after each meeting of the Audit and Finance Committee.
- 11.3 Minutes must be distributed to all Audit and Finance Committee members, after the Audit and Finance Committee chairperson has approved them.
- 11.4 Minutes, agenda and supporting papers are available to directors upon request to the Audit and Finance Committee recording secretary, except if there is a conflict of interest.

12. Reporting to the board

The Audit and Finance Committee chairperson must report the Audit and Finance Committee's findings to the board after each Audit and Finance Committee meeting.

13. Access to information and independent advice

13.1 The Audit and Finance Committee may seek any information it considers necessary to fulfil its responsibilities.

13.2 The Audit and Finance Committee has access to:

- (a) management to seek explanations and information from management; and
- (b) internal and independent external auditors to seek explanations and information from them, without management being present.

13.3 The Audit and Finance Committee may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost. The Audit and Finance Committee may meet with these external advisers without management being present.

14. Review and changes to this charter

14.1 The Audit and Finance Committee will review this charter annually or as often as it considers necessary.

14.2 The board may change this charter from time to time by resolution.

15. Approved and adopted

This charter was approved by the Audit Committee on 8 April 2013 and adopted by the Board on 8 April 2013

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AUSTRALIA

Ivanhoe Australia Limited

ACN 107 689 878

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Review and update your securityholding

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 9:30am (AEST) Sunday, 26 May 2013

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Ivanhoe Australia Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Ivanhoe Australia Limited to be held at Level 13, 484 St Kilda Road, Melbourne, Victoria on Tuesday, 28 May 2013 at 9:30am (AEST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 4, 5 & 6 (except where I/we have indicated a different voting intention below) even though Items 2, 4, 5 & 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: For Items 4, 5 & 6, this express authority is also subject to you marking the box in the section below.

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 4, 5 & 6 by marking the appropriate box in step 2 below.

Important for Items 4, 5 & 6: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Items 4, 5 & 6 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Items 4, 5 & 6, the Chairman of the Meeting will not cast your votes on Items 4, 5 & 6 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 4, 5 & 6 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Items 4, 5 & 6 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Item 2	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 4	Approval of Ivanhoe Australia Limited's 2013 revised Long Term Incentive Plan for employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3a	Re-elect Stewart Beckman as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 5	Approval of Chairman's acquisition under the Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3b	Re-elect Stephen McIntosh as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 6	Approval of Managing Director's Long Term Incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3c	If any other Director of the Company retires at the Meeting, and being eligible, offers themselves for re-election at the Meeting, to consider and, if thought fit, pass a resolution as an ordinary resolution, that such person be re-elected a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 7	Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
					Item 8	Changes to the Company's constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /