

IVANHOE MINES LTD  
Form 6-K  
April 28, 2004

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

**Form 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

From: April 27, 2004

**Ivanhoe Mines Ltd.**

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*(Translation of Registrant's Name into English)*

**Suite 654 999 Canada Place, Vancouver, British Columbia V6C 3E1**

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*(Address of Principal Executive Offices)*

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F

Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes:

No:

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_ .)

Enclosed:

Management Proxy Circular with Notice  
Proxy  
Supplemental Return Card  
Electronic Consent  
Audited Financial Statements to December 31, 2003  
Additional Notice for Holders of CHESSE Units  
CHESSE Direction to CDN Form  
CHESSE Notice to Shareholders  
Confirmation of Mailing

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**IVANHOE MINES LTD.**

**Date:** April 27, 2004

By: */s/ Beverly A. Bartlett*

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BEVERLY A. BARTLETT  
Corporate Secretary

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

**DATED: APRIL 16, 2004**

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## IVANHOE MINES LTD.

### Notice of Annual General Meeting of Shareholders

June 10, 2004

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of shareholders of Ivanhoe Mines Ltd. (the Corporation ) will be held on Thursday, June 10, 2004, at 9:00 a.m. local time, in the Terminal City Club, Ferguson/Atkins Rooms, 837 West Hastings Street, Vancouver, British Columbia for the following purposes:

1. to receive the annual report of the directors to the shareholders;
  2. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2003 and the auditors' report thereon;
  3. to ratify amendments to By-law No. 1 of the Corporation, which amendments (a) increase the quorum requirements for meetings of shareholders in accordance with Nasdaq Stock Market Inc. requirements; and (b) set the number of positions, within the minimum and maximum number of directors prescribed by the articles of the Corporation, that are open for election at an annual meeting of the shareholders of the Corporation;
  4. to approve issuance of up to 50 million Equity Securities (in addition to any other securities issuable without shareholder approval in compliance with the Australian Stock Exchange ( ASX ) Listing Rules) to such allottees and at such issue price(s) determined by the directors as set out in the Management Proxy Circular, such issue(s) to take place, subject to any applicable ASX waiver, during the period from the date of the Meeting until the date of the Corporation's annual general meeting in 2005;
  5. to approve the amendment to the articles of the Corporation to increase the maximum number of directors to 12 directors;
  6. to elect directors for the ensuing year;
  7. to appoint auditors for the ensuing year and to authorize the directors to fix the auditors' remuneration;
  8. to transact such other business as may properly come before the meeting or any adjournment thereof.
- The Board of Directors has fixed April 21, 2004 as the Record Date for the determination of shareholders entitled to notice of, and to vote at, this Annual General Meeting and at any adjournment thereof.

A Management Proxy Circular, Form of Proxy, and return envelope accompany this Notice of Meeting.

**A shareholder, who is unable to attend the Meeting in person and who wishes to ensure that such shareholder's shares will be voted at the Meeting, is requested to complete, date and execute the enclosed form of proxy and deliver it by facsimile to (604) 688 4301 or (416) 363 9524, by hand or by mail in accordance with the instructions set out in the form of proxy and in the Management Proxy Circular.**

Dated at Vancouver, British Columbia, this 16th day of April, 2004.

**BY ORDER OF THE BOARD**

Beverly A. Bartlett

Corporate Secretary

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

### **MANAGEMENT PROXY CIRCULAR**

**This Management Proxy Circular is furnished to the common shareholders ( shareholders ) of IVANHOE MINES LTD. (the Corporation ) by management of the Corporation in connection with the solicitation of proxies to be voted at the Annual General Meeting (the Meeting ) of the shareholders to be held at 9:00 a.m., local time, on June 10, 2004 in the Terminal City Club, Ferguson/Atkins Room, 837 West Hastings Street, Vancouver, British Columbia, and at any adjournment thereof, for the purposes set forth in the Notice of Meeting. Unless otherwise stated, this Management Proxy Circular contains information as at April 16, 2004.**

#### **SOLICITATION OF PROXIES**

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

All costs of this solicitation will be borne by the Corporation.

#### **APPOINTMENT OF PROXYHOLDERS**

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

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

An appointment of a proxyholder or alternate proxyholders will not be valid unless a form of proxy making the appointment, signed by the shareholder or by an attorney of the shareholder authorized in writing, (a Proxy ) is deposited with CIBC Mellon Trust Company, by facsimile (604) 688-4301 or (416) 363-9524, by mail to P.O. Box 1900, Vancouver, British Columbia, V6E 3X1, or 200 Queens Quay East, Unit 6, Toronto, Ontario, M5A 4K9, or by hand, to Suite 1600, The Oceanic Plaza, 1066 Hastings Street, Vancouver, British Columbia, V6E 3K9 not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

#### **REVOCATION OF PROXIES**

A shareholder who has given a Proxy may revoke the Proxy

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

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

#### **EXERCISE OF DISCRETION**

On a poll, the nominees named in the accompanying form of Proxy will vote or withhold from voting the shares represented thereby in accordance with the instructions of the shareholder. The Proxy will confer discretionary authority on the nominees named therein with respect to

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

**In respect of a matter for which a choice is not specified in the Proxy, the nominees named in the accompanying Proxy will vote shares represented by the Proxy at their own discretion for the approval of such matter.**

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

#### **VOTES NECESSARY TO PASS RESOLUTIONS**

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

The Corporation's by-laws were recently amended by the directors of the Corporation to provide that a quorum for the transaction of business at the Meeting consists of at least



one individual present and holding, or representing by Proxy the holder(s) of, shares carrying in the aggregate not less than thirty three and one-third percent (33 1/3%) of the shares entitled to vote at the Meeting. The by-laws were also amended to include a provision clarifying the number of positions, within the minimum and maximum number of directors prescribed by the articles, that are open for election at an annual meeting of shareholders of the Corporation are the number of nominees for election named in the Management Proxy Circular sent to the Corporations shareholders by management in connection with management's solicitation of proxies in respect of such annual meeting. At the Meeting, shareholders will be asked to ratify these amendments to the by-laws (the By-law Amendment Resolution). A complete description of the reasons for these amendments and the full text of the proposed ordinary resolution to ratify such amendments are set out under Particulars of Matters to be Acted Upon By-law Amendment Resolution.

The By-law Amendment Resolution is an ordinary resolution and, as such, requires approval of a majority of the votes cast by shareholders at the Meeting.

At the Meeting, shareholders will also be asked to consider and, if deemed warranted, to pass an ordinary resolution, the full text of which is set out under Particulars of Matters to be Acted Upon Share Issue Resolution (the Share Issue Resolution), authorizing the Corporation to approve issues of equity securities in connection with Australian Stock Exchange listing rules for the period from the date of the Meeting until the date of the Corporation's annual general meeting in 2005, expected to be in June 2005.

The Share Issue Resolution is an ordinary resolution and as such, requires approval by a majority of the votes cast by shareholders at the Meeting.

At the Meeting, shareholders will also be asked to consider, and, if deemed warranted, pass a special resolution to amend the Corporation's articles to increase the maximum number of directors from 9 to 12, the full text of which is set out under the heading Particulars of Matter to be Acted Upon Articles of Amendment Resolution (the Articles Amendment Resolution).

The Articles of Amendment Resolution is a special resolution and, as such, requires approval by a majority of at least two-thirds of the votes cast by shareholders at the Meeting.

Shareholders will also be asked to elect directors and appoint auditors for the ensuing year. If there are more nominees for election as directors or appointment as the Corporation's auditors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## **VOTING SHARES**

The Corporation has an authorized capital consisting of an unlimited number of Common Shares without par value and an unlimited number of Preference Shares without par value.

As of April 16, 2004, the Corporation had issued 271,706,478 fully paid and non-assessable Common Shares without par value, each carrying the right to one vote. As of such date, no Preference Shares were issued or outstanding.

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A holder of record of one or more Common Shares on the securities register of the Corporation at the close of business on April 21, 2004 (the Record Date ) who either attends the Meeting personally or deposits a Proxy in the manner and subject to the provisions described above will be entitled to vote or to have such share or shares voted at the Meeting, except to the extent that

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

### **NOTICE TO HOLDERS OF CHESS UNITS OF FOREIGN FINANCIAL PRODUCTS OVER COMMON SHARES TRADED ON THE AUSTRALIAN STOCK EXCHANGE**

In Australia the holders of the Corporation's Common Shares traded on the Australian Stock Exchange may not actually hold the shares but rather CHESS Units of Foreign Financial Products ( CUFS ), a form of depository receipt. The shares are held by the Corporation's depository nominee, CHESS Depository Nominees Pty Ltd ( CDN ).

If you are a holder of CUFS, you may direct CDN on how it should vote on the resolutions described in the Notice of Meeting and Management Proxy Circular. If you do so, CDN will cast proxy votes in accordance with your directions. You are also permitted to attend the Meeting.

If you wish to direct CDN on how it should vote on the resolutions you should complete the attached Direction to CDN Form and return it to Advanced Share Registry Services ( ASRS ), Level 7, 200 Adelaide Terrace, Perth, Western Australia, 6000, Australia (Telephone: +61 8 9221 7288, Facsimile: +61 8 9221 7869). You must complete the form and return it to ASRS by 5 p.m. (Perth time) on June 3, 2004.

Please note that as a CUFS holder you must complete the Direction to CDN Form , not the Proxy form.

### **ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES**

The information set forth in this section is of significant importance to many holders of Common Shares as a substantial number of holders of Common Shares do not hold their Common Shares in their own name.

Holders of Common Shares who do not hold their Common Shares in their own name (referred to in this Information Circular as Beneficial Holders ) should note that only proxies deposited by holders of Common Shares whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If the Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the name of the shareholder on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for

Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Holder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. Therefore, Beneficial Holders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Holders in order to ensure that their Common Shares are voted at the Meeting. The purpose of the Proxy or other form of proxy supplied to a Beneficial Holder by its broker (or agent of the broker) is limited to instructing the registered holder of Common Shares (the broker or agent of the broker) how to vote on behalf of the Beneficial Holder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications (ADP). ADP typically mails a special proxy form to the Beneficial Holders and asks Beneficial Holders to return such proxy forms to ADP. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Holder receiving a proxy form from ADP cannot use that proxy to vote Common Shares directly at the Meeting – the proxy must be returned to ADP well in advance of the Meeting in order to have the Common Shares voted at the Meeting.

Although a Beneficial Holder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Holder may attend at the Meeting as proxyholder for the registered holder of Common shares and vote the Common Shares in that capacity. Beneficial Holders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for the registered holder of Common Shares should enter their own names in the blank space on the proxy form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

#### PRINCIPAL HOLDERS OF SECURITIES

To the knowledge of the directors and senior officers of the Corporation, the only persons who beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to the outstanding Common Shares of the Corporation, the approximate number of Common Shares so owned, controlled or directed and the percentage of voting shares of the Corporation represented by such shares and the share ownership by the current directors and senior officers of the Corporation as a group are:

Name and Address	Number of Shares Owned, Controlled or Directed	Percentage of Shares Outstanding
Robert M. Friedland Hong Kong	100,834,334 <sup>(1)</sup>	37%
Directors and Officers as a group <sup>(2)</sup>	103,114,612 <sup>(3)</sup>	37.6%

(1) Common Shares are held indirectly through Newstar Securities SRL and Goldamere Holdings SRL, companies controlled by Mr. Friedland.

(2) The directors and senior officers, as a group, hold 5,516,500 Common Shares issuable upon exercise of incentive stock options.

(3) Includes 100,834,334 Common Shares held directly and indirectly by Robert M. Friedland.

**EXECUTIVE COMMITTEE**

The Corporation does not have an Executive Committee of the board of directors.

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

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

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**BY-LAW AMENDMENT RESOLUTION**

By-law No. 1 of the Corporation formerly provided that a quorum for the transaction of business at any meeting of the shareholders is at least one individual present at the commencement of the meeting holding, or representing by proxy the holder or holders of, shares carrying in the aggregate not less than five percent of the votes eligible to be cast at the meeting.

To provide the Corporation with greater access to the capital markets in the United States, in November of 2003, the Corporation applied to the Nasdaq Stock Market Inc. for listing on Nasdaq National Market ( Nasdaq ). One of the pre-requisites for listing on Nasdaq was a quorum requirement in the Corporation's by-laws for any meeting of the holders of its Common Shares to be not less than 33 1/3 percent of the issued and outstanding shares of the Corporation's common voting shares.

The directors of the Corporation passed a resolution to amend item 9.6 of By-law No. 1 of the Corporation to remove five percent (5%) and replace it with thirty three and one third percent (33 1/3%) and, in accordance with the YBCA requirements, the directors are submitting this amendment to the shareholders for ratification.

The directors also passed a further amendment, as Item 9.20 of the By-laws, to clarify that the number of positions within the minimum and maximum number of directors prescribed by the articles that are open for election at an annual meeting of shareholders will be equal to the number of nominees for election named in the management proxy circular sent to the shareholders by management in connection with management's solicitation of proxies in respect of such meeting provided that such number is not less than the minimum number, nor greater than the maximum number, of directors prescribed by the articles.

**Text of Resolutions**

At the Meeting, the shareholders will be asked to approve the By-law Amendment Resolution, the text of which is as follows:

**RESOLVED AS AN ORDINARY RESOLUTION THAT:**

- A. The amendment to item 9.6 of By-law No. 1, by deleting the reference to five percent (5%) and replacing it with the reference to thirty-three and one-third percent (33 1/3%) is hereby ratified; and
- B. The inclusion of the following new provision 9.20 as an amendment to the By-law No. 1 is ratified:

**Election of Directors**

9.20 For as long as the articles prescribe a minimum and maximum number of directors, the number of directors to be elected at an annual meeting of shareholders will be equal to the number of nominees for election named in the management proxy circular sent to the shareholders by management in connection with management's solicitation of proxies in respect of such annual meeting provided that such number is not less than the minimum number, nor greater than the maximum number, of directors prescribed by the articles.

The By-law Amendment Resolution is an ordinary resolution and, in order to be considered approved, requires the affirmative vote of shareholders holding a majority of the Common Shares of the Corporation voted at the Meeting.

**SHARE ISSUE RESOLUTION**

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, pass a resolution authorizing the issue by the Corporation of up to 50 million Equity Securities (in addition to any other securities issuable without shareholder approval in compliance with the Australian Stock Exchange ( ASX ) Listing Rules) to such allottees and at such issue price(s) determined by the directors as set out in this Management Proxy Circular, such issue(s) to take place, subject to any applicable ASX waiver, during the period from the date of the Meeting until the date of the Corporation's annual general meeting in 2005, expected to be in June, 2005.

This resolution is to be effective if and to the extent the Corporation is not otherwise fully exempt from ASX listing rule 7.1 (or its successor provisions) during such period by virtue of the grant by the ASX of applicable waiver(s) or otherwise. This resolution will only constitute effective shareholder approval for the purposes of ASX Listing Rule 7.1 if ASX grants the Corporation an applicable waiver from ASX Listing Rule 7.1 and/or 7.3. For the purposes of this resolution, an Equity Security is a Common Share or a security or other right convertible into or exchangeable for a Common Share including a Common Share Purchase Warrant or a Special Warrant or Convertible Debt.

***Toronto Stock Exchange Requirements in Respect of Share Issues***

The Corporation's Common Shares have been listed on the Toronto Stock Exchange ( TSX ) since June 1996, and, accordingly, the Corporation is subject to regulation under the rules and policies of the TSX Company Manual (the TSX Code ), including TSX Code restrictions on the number of equity securities that may be issued pursuant to private placement transactions.

The TSX Code provides that the aggregate number of listed securities which are issued (or made subject to issuance) pursuant to a private placement transaction during any six month period may not exceed 25% of the number of securities of the issuer which

are outstanding (on a non-diluted basis) prior to giving effect to such transaction without both TSX and shareholder approval. A private placement transaction is the issuance of treasury securities of a listed class (or convertible into a listed class) without Canadian prospectus disclosure in reliance on the exempting provisions of Canadian provincial securities legislation. Private Placement securities may not be issued at more than a 15% discount to the current market price (for companies with listed securities having a market price over \$2.00). Shareholder approval may also be required where a placement materially affects control of a listed company or where the placement has not been negotiated at arm's length. Public offerings of securities by prospectus are not limited by any percentage restriction under the TSX Code.

The TSX has recently proposed amendments to the TSX Code which have been published for comment and have been undergoing review and consideration by Canadian securities regulators. One of the proposals would reduce certain of the restrictions relating to limits on private placement transactions and the requirements for shareholder approval. Under the proposal, shareholder approval would be mandated where private placement transactions are priced at a discount to market and where such placement involves the issue of greater than 25% of the issuer's outstanding listed securities at the time of the private placement. A maximum discount of 15% would continue to apply for companies having listed securities trading at greater than a \$2.00 market price, and security holder approval would continue to be required for material changes of control and for specified non-arm's length transactions. At the date of the Circular, the proposals have not been adopted and there can be no assurance that the proposed amendments to the TSX Code will be adopted in their current form or at all.

#### *Australian Stock Exchange Requirements in Respect of Share Issues*

Since its conversion from an ASX Foreign Exempt Listing to a Full ASX Listing on July 1, 2002, the Corporation has been subject to the ASX listing rules applicable to all non-exempt listed companies, including a specific limitation on the ability of listed companies to raise equity capital without shareholder approval.

ASX listing rule 7.1 restricts the ability of the Corporation to issue certain equity securities during any twelve month period to 15% of the outstanding Common Shares at the beginning of such period (subject to certain adjustments). This restriction will not apply to an issue of Equity Securities if the Corporation has received shareholder approval of the transaction or a specific exemption or waiver is applicable. Shareholder approval can be either prospective or, provided an issuance of shares is in compliance with the 15% limitation, in the form of a subsequent ratification. Unlike the TSX Code, the ASX listing rule restrictions include all issuances of equity securities of the Corporation, including public offerings by prospectus, unless a specific exemption is available under listing rule 7.2 or a waiver is received from the ASX.

In October 2003, ASX released an exposure draft of amendments to Chapter 7 of the Listing Rules which were originally proposed to take effect on 30 January 2004. As of the date of this Circular, ASX has only proceeded with some of the amendments, which took effect on 31 March 2004, and has deferred others for further consideration. One of the key proposed amendments was the proposal to amend Listing Rule 7.1 and insert a new Listing Rule 7.3A to give shareholders the capacity to confer a general mandate on management to issue securities for a thirteen month period for the date of the mandate. ASX has deferred this proposal for further consideration.

The text of listing rules 7.1 through 7.5 is set out in Schedule A to the Management Proxy Circular.

***Waiver of ASX Listing Rules in Respect of Share Issues***

The principal exemption relevant to capital raising under the listing rule is a rights issue whereby new equity securities to be issued must first be offered pre-emptively to existing shareholders on a pro-rata basis. Because North American capital raising practices do not typically involve pre-emptive offers to existing shareholders, but rely instead on rapid financing techniques designed to accelerate the completion of offerings to third parties, the effect of listing rule 7.1 is to oblige the Corporation to obtain prospective shareholder approval of issues of equity securities or waivers from the ASX in order to take advantage of market windows to raise equity capital.

On December 9, 2002 following application and appeal procedures, the ASX granted the Corporation a waiver from listing rule 7.1 for the period ending on December 9, 2003. As a result of that waiver, the Corporation was not required to obtain shareholder approval for issues of Equity Securities exceeding the 15% limit in listing rule 7.1 during such period. During the period from December 9, 2002 until expiry of the waiver the Corporation raised CDN\$284,686,280 and U.S.\$49,996,800 through the issue of 61,356,080 Common Shares issued directly or issued or issuable upon exercise of a right of conversion of Equity Securities (exclusive of any securities issued under the Corporation's Employees and Directors Equity Incentive Plan).

At the annual meeting of the shareholders on June 12, 2003, the shareholders of the Corporation authorized the Corporation to issue up to 50 million Equity Securities (in addition to any other securities issuable in compliance with ASX listing rules) during the period between December 9, 2003 and June 10, 2004, the date of the Corporation's annual general meeting (the 2003 Shareholder Authorization). The resolution approved by the shareholders was to be effective if the Corporation is not otherwise exempt from ASX listing rule 7.1 (or its successor provisions). Since December 9, 2003 until the date of this Circular, the Corporation has not raised any additional funds through the issue of Common Shares or Equity Securities convertible into Common Shares.

***Reasons for Seeking Shareholder Approval at the Meeting***

Management of the Corporation believe that it is important for the Corporation to continue to have flexibility in its ability to raise capital and to be in a position to quickly respond to favorable equity capital market funding opportunities, particularly since the Corporation is currently and expects to continue to be, engaged in capital-intensive exploration and development projects in Mongolia and elsewhere.

Management has applied to the ASX for (i) a waiver of the requirements of listing rule 7.1 such that the Corporation be exempt from the requirements of Listing Rule 7.1; or (ii) a new waiver of the requirements of listing rule 7.1 and/or 7.3 such that (a) the 2003 Shareholder Authorization will constitute effective shareholder approval for purposes of listing rule 7.1; and (b) the authorization, if approved by the Corporation's shareholders at the Meeting, for the issue of up to 50 million Equity Securities during the period from June 10, 2003 (in addition to any other securities issuable in compliance with ASX Listing Rules) until the date of the Corporation's annual general meeting in 2005 will constitute effective shareholder approval for the purposes of listing rule 7.1.

Accordingly, the Corporation is proposing that at the Meeting the shareholders, by passing the share issue resolution, approve a general mandate for the Corporation to issue up to 50 million Equity Securities (in addition to any other securities issuable in

compliance with ASX listing rules) during the period from the date of the Meeting to the date of the Corporation's annual general meeting in 2005, expected to be in June 2005.

**Particulars in Respect of Proposed Resolution**

The following particulars relate to the proposed Share Issue Resolution:

- (i) The maximum number of Common Shares issuable either directly by the Corporation or upon exercise of a right of conversion of Equity Securities will be 50 million Common Shares;
- (ii) Any Equity Securities issued pursuant to the Share Issue Resolution will be issued between the date of the Meeting and the date of the Corporation's annual general meeting in 2005, expected to be in June, 2005;
- (iii) The minimum issue price for each whole Common Share or underlying Common Share will not be less than \$4. As a practical matter, under current TSX Rules, Equity Securities issued by way of a private placement will not be issued for less than a 15% discount to market price as determined by applicable TSX Rules. Equity Securities issued by public offering would be determined by the Corporation based on prevailing market conditions and, if applicable, negotiation with underwriters.
- (iv) Equity Securities issued under a private placement will be issued to institutional or sophisticated investors in accordance with applicable North American or other securities laws. Equity Securities may also be issued to investors under an underwritten or best efforts public offering. Equity Securities may also be issued to a vendor of assets in connection with an acquisition by the Corporation. The persons to whom securities will be issued have not been identified or selected and will be determined by the directors of the Corporation. The names of the allottees are not known, with the directors of the Corporation to use their absolute discretion in respect of any allotment. It is not anticipated that any director or their associates would participate in any such allotment in the absence of appropriate approvals;
- (v) Equity Securities issuable would be Common Shares, or a security or other right convertible into, or exchangeable for, Common Shares including Common Share Purchase Warrants or Special Warrants or Convertible Debt.

Any Common Shares issued would be fully paid Common Shares ranking in parity to the other outstanding Common Shares of the Corporation.

A Common Share Purchase Warrant is a right exercisable by the holder to acquire a Common Share upon payment of a minimum exercise price of \$4, and may be issued for no additional consideration at the time of issue.

A purchaser of Common Share Purchase Warrants would be entitled upon exercise to no more than one Common Share per Common Share Purchase Warrant, subject to adjustment provisions which would entitle the purchaser to adjust the number of Common Shares issuable in order to account for the effect of a stock dividend, share split, share consolidation or other capital structure change affecting the Common Shares of the Corporation.



Special Warrants would be issued by private placement and subject to a minimum \$4 issue price per underlying Common Share. Special Warrants grant the holder (of Special Warrants) Common Shares upon exercise or deemed exercise of the Special Warrants, upon clearance of a prospectus with respect to the distribution of securities, without payment of additional consideration by the holders of the Special Warrants.

Convertible Debt would be issued by private placement or public offering and would be subject to a minimum conversion rate of \$4 per underlying Common Share.

The Equity Securities may be issued in one or more transactions. The Corporation may, at the request of a purchaser or as required by applicable securities laws, prepare and file in British Columbia and other applicable jurisdictions a prospectus in connection with an issuance of Equity Securities.

The Equity Securities, or some of them, may be sold through underwriters or licensed brokers and the Corporation may pay negotiated underwriting or brokers commissions or finder's fees in accordance with applicable securities laws.

(vi) The intended use of proceeds raised is to fund exploration and development expenditures in respect of the Corporation's properties in Mongolia, to fund exploration and development activities in respect of the Corporation's other existing properties and properties acquired in the future, to fund the acquisition of additional properties or assets and for working capital and general corporate and administrative purposes.

(vii) Allotments of Equity Securities would be likely to occur progressively (in one or more transactions).

**Text of Resolution**

At the Meeting, the shareholders will be asked to approve the Share Issue Resolution, the text of which is as follows:

**RESOLVED** that the Corporation is authorized to issue up to 50 million Equity Securities (in addition to any other securities issuable without shareholder approval in compliance with Australian Stock Exchange ( ASX ) Listing Rules) to such allottees and at such issue price(s) determined by the directors as set out in this Management Proxy Circular, such issue(s) to take place, subject to any applicable ASX waiver, during the period between the date of the Meeting and the date of the Corporation's annual general meeting in 2005. This resolution is to be effective to the extent that the Corporation is not exempt from ASX Listing Rule 7.1 (or its successor provisions) during such period by virtue of the grant by the ASX of a waiver from the requirements of 7.1 or otherwise. For purposes of this resolution, an Equity Security is a Common Share or a security or other right convertible into or exchangeable for a Common Share, including a Common Share purchase warrant, a special warrant or convertible debt .

Voting Exclusion The Corporation will disregard any votes cast on this resolution by (i) persons who may participate in the proposed issue and (ii) persons who might obtain a

benefit if this resolution is passed, except a benefit solely in the capacity of a holder of Common Shares, and (iii) any associates of those persons. However, the Corporation need not disregard a vote if it is cast by the person as proxyholder for a person who is entitled to vote, in accordance with the directions on the Proxy form; it is cast by the person chairing the meeting as proxyholder for a person who is entitled to vote, or it is cast in accordance with a direction on the Proxy form to vote as the proxyholder decides.

#### **ARTICLES OF AMENDMENT RESOLUTION**

It is proposed that the Corporation's Articles be amended to increase the maximum number of directors from 9 to 12. The shareholders of the Corporation will be asked to consider and approve at the Meeting a special resolution as follows:

##### **SPECIAL RESOLUTIONS TO AMEND THE CORPORATION'S ARTICLES**

##### **RESOLVED THAT:**

1. the Corporation's Articles be amended by deleting the existing Article 4 thereof and replacing it with the following:
  4. the number of Directors shall not be less than three (3), nor more than twelve (12).
2. Any one director of the Corporation is authorized and directed to file with the Registrar of Corporations (Yukon) Articles of Amendment to reflect such Amendment.

The Corporation's articles currently provide that the number of directors of the Corporation is subject to a minimum of 3 directors and a maximum of 9 directors. Management has proposed 9 nominees for election at the Meeting as directors of the Corporation. The amendment to the Corporation's articles to increase the maximum number of directors of the Corporation from 9 to 12 will afford a degree of flexibility for additional directors to be added to the board of directors of the Corporation in the future as suitable candidates are identified.

##### **ELECTION OF DIRECTORS**

The term of office of each of the current 9 directors will end at the conclusion of the Meeting. Unless a director's office is earlier vacated in accordance with the provisions of the YBCA, each director elected will hold office until the conclusion of the next annual meeting of the Corporation or, if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment, the period of time during which each has been a director of the Corporation and the number of Common Shares of the Corporation beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at April 16, 2004.

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Name and Position	Principal Occupation, Business or Employment <sup>(1)</sup>	Period as a Director of the Corporation	Shares Beneficially Owned, Controlled or Directed <sup>(1)(2)</sup>
ROBERT M. FRIEDLAND Chairman and Chief Executive Officer and Director	Chairman and President, Ivanhoe Capital Corporation; Chairman and Chief Executive Officer, Ivanhoe Mines Ltd. (March 1994 present)	March 1994	100,834,334
R. EDWARD FLOOD Deputy Chairman and Director	Deputy Chairman of the Corporation (May 1999 present); Senior Analyst, Haywood Securities (May 2000 – November 2001)	March 1994	72,450
GORDON L. TOLL Deputy Chairman and Director	Senior Vice-President, Ivanhoe Capital Corporation (December 1995 – present)	March 1996	1,157,328
JOHN MACKEN President and Director	President, Ivanhoe Mines Ltd. (January, 2004 present) Senior Vice President of Freeport, McMoran, Copper & Gold (1996 – 2000)	January 2004	NIL
JOHN WEATHERALL <sup>(3)(5)</sup> Director	President, Scarthingmoor Assets Management Inc. (January, 1996 – present)	June 1996	50,500
KJELD THYGESEN <sup>(3)(4)(5)</sup> Director	Managing Director of Lion Resource Management (1989 – present) Chairman of Hanson Capital Limited (February 1998 present); Chairman of Hanson Transport Group (1996 to present);	February 2001	NIL
ROBERT HANSON <sup>(4)(5)</sup> Director	Chairman of Hanson Pacific Limited (March 1994 – 1997); Director, Hanson PLC (1990 1997)	February 2001	NIL
MARKUS FABER <sup>(3)</sup> Director	Managing Director, Marc Faber Ltd. (1990 to present)	February 2002	NIL
DAVID HUBERMAN <sup>(4)(5)(6)</sup> Director	President, Coda Consulting Corp. (1999 present)	September 2003	NIL

(1) The information as to principal occupation, business or employment and shares beneficially owned, controlled or directed by a nominee is not within the knowledge of the management of the Corporation and has been furnished by the nominee.

(2) Does not include unissued common shares issuable upon the exercise of incentive stock options. See Voting Shares .

- (3) Indicates members of the Audit Committee.
- (4) Indicates members of the Compensation and Benefits Committee.
- (5) Indicates members of Nominating and Corporate Governance Committee.
- (6) Indicates Lead Director.

**APPOINTMENT OF AUDITORS**

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

**INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS**

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

The Corporation is a party to cost sharing agreements with other companies in which Robert M. Friedland has a material direct or indirect beneficial interest. Through these agreements, the Corporation shares office space, furnishings, equipment and communications facilities in Vancouver, Singapore and London and an aircraft on a cost recovery basis. The Corporation also shares the costs of employing administrative and non-executive management personnel in these offices. During the year ended December 31, 2003, the Corporation's share of these costs was US\$6,100,000. The companies with which the Corporation is a party to the cost sharing agreements, and Mr. Friedland's ownership interest in each of them, are as follows:

Company Name	R.M. Friedland Ownership Interest
Ivanhoe Energy Inc.	32.17%
Ivanhoe Capital Corporation	100.00%
Ivanhoe Nickel & Platinum Ltd.	54.58%
Pacific Minerals Inc.	(1)
Asia Gold Corp.	(1)

- (1) Mr. Friedland owns 37% of the Common Shares of the Corporation, which owns 35.41% of the common shares of Pacific Minerals Inc. and 51.08% of the common shares of Asia Gold Corp.

**EXECUTIVE COMPENSATION**

In accordance with the requirements of applicable securities legislation in Canada, the following executive compensation disclosure is provided as at December 31, 2003, in respect of the Chief Executive Officer and each of the Corporation's four most highly compensated executive officers (collectively, the Named Executive Officers) whose annual compensation exceeded Cdn. \$100,000 in the year ended December 31, 2003. During the year ended December 31, 2003, the aggregate compensation paid to all officers of the Corporation who received more than Cdn.\$40,000 in aggregate compensation during such period was US\$1,260,267.

**Summary Compensation Table**

The following table sets forth a summary of all compensation paid during the years ending December 31, 2001, 2002 and 2003 to each of the Named Executive Officers:

Name and Principal Position*	Year	Annual Compensation			Long Term Compensation			
		Salary (US\$)	Bonus (US\$)	Other Annual Compensation (US\$) <sup>(1)</sup>	Awards		Payouts	
					Securities Under Options/ SARs Granted (#)	Restricted Shares or Restricted Share Units (US\$)	LTIP Payout (US\$)	All Other Compensation (US\$) <sup>(2)</sup>
ROBERT FRIEDLAND <sup>(3)</sup> Chairman and Chief Executive Officer	2003			10,841 <sup>(4)</sup>				877
	2002			6,402 <sup>(4)</sup>				521
	2001			5,514 <sup>(4)</sup>	1,500,000			654
DANIEL KUNZ <sup>(5)</sup> President	2003	33,333 <sup>(5)</sup>		2,884 <sup>(6)</sup>				1,623
	2002	200,000						9,740
	2001	250,000			1,578,000			9,740 <sup>(7)</sup>
GORDON TOLL Deputy Chairman	2003	200,246		52,112 <sup>(8)</sup>				9,047
	2002	201,267						3,330
	2001	202,593						3,330 <sup>(7)</sup>
EDWARD C. ROCHETTE Senior Vice-President Legal and Administration	2003	159,212		25,695 <sup>(9)</sup>				4,735
	2002	160,102		17,092 <sup>(9)</sup>				3,300
	2001	156,619		15,471 <sup>(7)(9)</sup>	682,500			3,300 <sup>(7)</sup>
DOUGLAS KIRWIN Senior Vice-President Exploration	2003	177,443	46,429 <sup>(10)</sup>	53,047 <sup>(12)</sup>				928
	2002	150,000	65,000 <sup>(11)</sup>	44,877 <sup>(12)</sup>				6,718