

IVANHOE MINES LTD  
Form 6-K  
April 06, 2010

**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 6, 2010**  
**IVANHOE MINES LTD.**

(Translation of Registrant's Name into English)

**Suite 654 999 CANADA PLACE, VANCOUVER, BRITISH COLUMBIA V6C 3E1**

(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:

News Release

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**SHAREHOLDER RIGHTS PLAN AGREEMENT  
DATED AS OF APRIL 5, 2010  
BETWEEN  
IVANHOE MINES LTD.  
AND  
CIBC MELLON TRUST COMPANY  
AS RIGHTS AGENT**

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**SHAREHOLDER RIGHTS PLAN AGREEMENT**

**SHAREHOLDER RIGHTS PLAN AGREEMENT** dated as of April 5, 2010, between Ivanhoe Mines Ltd. (the **Corporation** ), a corporation existing under the laws of the Yukon Territory, and CIBC Mellon Trust Company, a company existing under the laws of Canada (the **Rights Agent** );

**WHEREAS:**

- (a) the Board of Directors of the Corporation, in the exercise of its fiduciary duties, determined that it was advisable and in the best interests of the Corporation to adopt a shareholder rights plan (the **Rights Plan** ) to ensure, to the extent possible, that all shareholders of the Corporation are treated fairly in connection with any take-over bid for the Corporation;
  - (b) effective April 5, 2010 the Board of Directors authorized:
    - (i) and declared the issuance of one Right effective the Record Time in respect of each Common Share outstanding at the Record Time; and
    - (ii) the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time;
  - (c) each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth in this Agreement;
  - (d) the Corporation has appointed the Rights Agent to act on behalf of the Corporation and the holders of Rights, and the Rights Agent has agreed to act on behalf of the Corporation in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to in this Agreement; and
  - (e) capitalized terms used above without definition have the meanings given to such terms in Article 1 of this Agreement;
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**NOW THEREFORE**, in consideration of the premises and the respective agreements set forth herein, the Corporation and the Rights Agent agree as follows:

**ARTICLE 1 INTERPRETATION**

**1.1 Certain Definitions**

For purposes of this Agreement, the following terms have the meanings indicated;

- (a) **Acquiring Person** means any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares; provided, however, that the term **Acquiring Person** shall not include:
  - (i) the Corporation or any Subsidiary of the Corporation;
  - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of one or any combination of:
    - (A) a Voting Share Reduction,
    - (B) a Permitted Bid Acquisition,
    - (C) an Exempt Acquisition,
    - (D) a Convertible Security Acquisition, or
    - (E) a Pro Rata Acquisition;

provided, however, that if a Person becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares by reason of one or any combination of (A), (B), (C), (D) or (E) above and thereafter becomes the Beneficial Owner of any additional Voting Shares (other than pursuant to one or any combination of (A), (B), (C), (D) or (E) above), then as of the date such Person becomes the Beneficial Owner of such additional Voting Shares, such Person shall become an **Acquiring Person** ;

- (iii) for a period of 10 days after the Disqualification Date (as defined below), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on Clause B of the definition of **Beneficial Owner** solely because such Person makes or proposes to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person (for the purposes of this definition, **Disqualification Date** means the first date of public announcement that any Person is making or has announced an intention to make a Take-over Bid, either alone, through such Person's Affiliates or Associates or by acting jointly or in concert with any other Person, and includes, without limitation, a report filed pursuant to Section 101 of the Securities Act);
    - (iv) an underwriter or member of a banking or selling group that becomes the Beneficial Owner of Voting Shares in connection with a distribution to the public of securities of the Corporation, which includes, without limitation, a distribution of securities pursuant to a prospectus or by way of private placement;
- or

- (v) a Person (a **Grandfathered Person** ) who is the Beneficial Owner of 20% or more of the outstanding Voting Shares determined as at the Record Time, provided, however, that this exception shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of any additional Voting Shares, other than through one or any combination of a Permitted Bid Acquisition, an Exempt Acquisition, a Voting Share Reduction, a Pro Rata Acquisition or a Convertible Security Acquisition.
- (b) **Affiliate** , when used to indicate a relationship with a Person, means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person.
- (c) **Agreement** means this shareholder rights plan agreement, as the same may be amended or supplemented from time to time; hereof , herein , hereto and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement.
- (d) **Associate** , when used to indicate a relationship with a specified Person, means (i) a spouse of that Person, (ii) any Person of the same or opposite sex with whom that Person is living in a conjugal relationship outside marriage, (iii) a child of that Person or (iv) a relative of that Person or of a Person mentioned in items (i), (ii) or (iii) of this definition if that relative has the same residence as that Person.
- (e) A Person shall be deemed the **Beneficial Owner** of, to have **Beneficial Ownership** of, and to **Beneficially Own** :
  - (i) any securities as to which such Person or any of such Person's Affiliates or Associates is the owner at law or in equity;
  - (ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to become the owner at law or in equity (whether such right is exercisable immediately or within a period of 60 days thereafter and whether or not on condition or the happening of any contingency) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than (A) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering of securities and (B) pledges of securities in the ordinary course of business), or upon the exercise of any conversion right, exchange right, share purchase right (other than the Rights), warrant or option;

- (iii) any securities which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such Person or any of such Person's Affiliates or Associates is a Receiving Party; provided, however that the number of Common Shares that a Person is deemed to Beneficially Own pursuant to this Clause (iii) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities beneficially owned by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this Clause (iii) be deemed to include all securities that are beneficially owned, directly or indirectly, by any other Counterparty (or any of such other Counterparty's Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty's Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and
- (iv) securities which are Beneficially Owned within the meaning of Clauses 1.1(e)(i) or (ii) by any other Person with whom such Person is acting jointly or in concert;
- provided, however, that a Person shall not be deemed the Beneficial Owner of, or to have Beneficial Ownership of, or to Beneficially Own, any security because:
- (A) the holder of such security has agreed pursuant to a Permitted Lock-up Agreement to deposit or tender such security to a Take-over Bid made by such Person, made by any of such Person's Affiliates or Associates or made by any other Person acting jointly or in concert with such Person, or such security has been deposited or tendered pursuant to any Take-over Bid made by such Person, made by any of such Person's Affiliates or Associates or made by any other Person acting jointly or in concert with such Person, until such deposited or tendered security has been taken up or paid for, whichever shall first occur;
- (B) such Person, any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person holds such security provided that:
- (1) the ordinary business of any such Person (the **Investment Manager**) includes the management of mutual funds or other investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and the Investment Manager holds such security in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person (a **Client**), including non-discretionary accounts held on behalf of a Client by a broker or dealer registered under applicable law,

- (2) such Person (the **Trust Company** ) is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an **Estate Account** ) or in relation to other accounts (each an **Other Account** ) and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such other accounts,
- (3) such Person is established by statute for purposes that include, and the ordinary business or activity of such Person (the **Statutory Body** ) includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies,
- (4) such Person is a Crown agent or agency (a **Crown Agent** ), or
- (5) such Person (the **Administrator** ) is the administrator or trustee of one or more pension funds or plans (a **Plan** ) or is a Plan registered under the laws of Canada or any province thereof or the laws of the United States of America or any State thereof;

provided, in any of the above cases, that the Investment Manager, the Trust Company, the Statutory Body, the Crown Agent, the Administrator or the Plan, as the case may be, is not then making a Take-over Bid or has not then announced an intention to make a Take-over Bid, other than an Offer to Acquire Voting Shares or other securities by means of a distribution by the Corporation or by means of ordinary market transactions (including prearranged trades) executed through the facilities of a stock exchange or organized over-the-counter market, in each case, alone or by acting jointly or in concert with any other Person;

- (C) such Person is (1) a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, (2) an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security or (3) a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;
- (D) such Person is the registered holder of securities solely as the result of carrying on the business of or acting as a nominee of a securities depository;

- (E) such Person is (1) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, (2) an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company or (3) a Plan and such security is owned at law or in equity by the Administrator of the Plan; or
- (F) such security having been deposited or tendered pursuant to a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person referred to in Clause (iv) of this definition until the earlier of such deposited or tendered security being accepted unconditionally for payment or exchange or being taken up and paid for.
- (f) **Board of Directors** means the board of directors of the Corporation.
- (g) **Business Day** means any day other than a Saturday, Sunday or a day on which banking institutions in City of Vancouver, British Columbia, are authorized or obligated by law to close.
- (h) **Canadian Dollar Equivalent** of any amount, which is expressed in United States dollars means, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S. Canadian Exchange Rate in effect on such date.
- (i) **Canadian U.S. Exchange Rate** means, on any date, the inverse of the U.S. Canadian Exchange Rate in effect on such date.
- (j) **Close of Business** on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the principal transfer office in the City of Vancouver, British Columbia of the transfer agent for the Common Shares (or, after the Separation Time, the principal transfer office in Vancouver, British Columbia of the Rights Agent) is closed to the public.
- (k) **Common Shares** means the common shares in the capital of the Corporation.
- (l) **Competing Permitted Bid** means a Take-over Bid that:
- (i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of that Permitted Bid or Competing Permitted Bid (in this definition, the **Prior Bid**);
  - (ii) satisfies all the provisions of the definition of a Permitted Bid, other than the requirement set out in Clause (ii) and (iv) of the definition of Permitted Bid; and



- (iii) contains, and the take-up and payment for securities tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that:
  - (A) no Voting Shares shall be taken up or paid for pursuant to such Take-over Bid (x) prior to the Close of Business on a date that is not earlier than the later of the last day on which the Take-over Bid must be open for acceptance after the date of such Take-over Bid under applicable Canadian provincial securities legislation and the earliest date on which Voting Shares may be taken up or paid for under any Prior Bid, and (y) then only if, at the time that such Voting Shares are first taken up or paid for, more than 50% of the then outstanding Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to such Take-over Bid and not withdrawn provided that if the Take-over Bid is for less than all of the outstanding Voting Shares, no Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the end of the 10 Business Day period referenced in 1.1(I)(iii)(B); and
  - (B) in the event that the requirement set forth in Subclause (iii)(A)(y) of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Common Shares for not less than ten Business Days from the date of such public announcement;

provided always that a Competing Permitted Bid will cease to be a Competing Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition and provided that, at such time, any acquisition of Voting Shares made pursuant to such Competing Permitted Bid, including any acquisitions of Voting Shares theretofore made, will cease to be a Permitted Bid Acquisition.

(m) A Person is **controlled** by another Person if:

- (i) in the case of a body corporate:
  - (A) securities entitled to vote in the election of directors carrying more than 50 per cent of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person;
  - (B) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation;

- (ii) in the case of a Person that is not a body corporate, more than 50% of the voting or equity interests of such entity are held, directly or indirectly, by or on behalf of the Person or Persons;
- and **controls**, **controlling** and **under common control with** shall be interpreted accordingly.
- (n) **Convertible Securities** means, at any time, any securities issued by the Corporation from time to time (other than the Rights) carrying any purchase, exercise, conversion or exchange right pursuant to which the holder thereof may acquire Voting Shares or other securities which are convertible into, exercisable into or exchangeable for Voting Shares (in each case, whether such right is exercisable immediately or after a specified period and whether or not on condition or the happening of any contingency).
- (o) **Convertible Security Acquisition** means the acquisition by a Person of Voting Shares upon the exercise of Convertible Securities received by such Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a Pro Rata Acquisition.
- (p) **Co-Rights Agents** has the meaning ascribed thereto in Subsection 4.1(a).
- (q) **Corporations Act** means the *Business Corporations Act* (Yukon Territory), as amended, and the regulations made thereunder, and any comparable or successor laws or regulations thereto.
- (r) **Derivatives Contract** shall mean a contract between two parties (the **Receiving Party** and the **Counterparty**) that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of Voting Shares or Convertible Securities specified or referenced in such contract (the number corresponding to such economic benefits and risks, the **Notional Securities**), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, Voting Shares, Convertible Securities or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate federal governmental authority shall not be deemed to be Derivatives Contracts.
- (s) **Disposition Date** has the meaning ascribed thereto in Subsection 5.2(c).
- (t) **Election to Exercise** has the meaning ascribed thereto in Clause 2.2(d)(ii).

- (u) **Exempt Acquisition** means a Voting Share acquisition or a Convertible Securities Acquisition (i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Section 5.2, (ii) pursuant to a distribution of Voting Shares or Convertible Securities (and the conversion or exchange of such Convertible Securities) made by the Corporation pursuant to a prospectus or private placement provided that the Person does not acquire a greater percentage of the securities offered in the distribution than the percentage of Voting Shares owned by that Person immediately prior to the distribution, (iii) pursuant to an amalgamation, arrangement or other statutory procedure requiring Shareholder Approval, (iv) pursuant to a distribution of Voting Shares or Convertible Securities (and the exercise of such Convertible Securities) pursuant to any equity incentive stock option plan of the Corporation where the eligible participants include directors, employees (including officers) and consultants of the Corporation, including the existing Employees and Directors Equity Incentive Plan, (v) pursuant to any of the RT Arrangements, (vi) pursuant to such other written agreements in respect of a Voting Share acquisition from treasury entered into by the Corporation with one or more Grandfathered Persons after the date hereof, or (vii) pursuant to the exercise of Rights.
- (v) **Exercise Price** means, as of any date from and after the Separation Time, the price at which a holder may purchase the securities issuable upon exercise of one whole Right which, subject to adjustment in accordance with the terms hereof, shall be an amount equal to five times the Market Price per Common Share determined as at the Separation Time.
- (w) **Expansion Factor** has the meaning ascribed thereto in Clause 2.3(a)(x).
- (x) **Expiration Time** means the close of business on that date which is the earliest of (i) the Termination Time, and (ii) the date of termination of this Agreement pursuant to Section 5.16 or, if this Agreement is confirmed pursuant to Section 5.16, the date of termination of this Agreement pursuant to Section 5.17 or, if this Agreement is reconfirmed pursuant to Section 5.17, the close of business on the tenth anniversary of the date hereof.
- (y) **Flip-in Event** means a transaction in or pursuant to which any Person becomes an Acquiring Person.
- (z) **holder** has the meaning ascribed thereto in Section 2.8.
- (aa) **Independent Shareholders** shall mean holders of Voting Shares, other than:
  - (i) any Acquiring Person;
  - (ii) any Offeror, other than any Person who by virtue of Clause B of the definition of **Beneficial Owner** is not deemed to Beneficially Own the Voting Shares held by such Person;
  - (iii) any Affiliate or Associate of any Acquiring Person or Offeror;

- (iv) any Person acting jointly or in concert with any Acquiring Person or Offeror; and
  - (v) any employee benefit plan, deferred profit sharing plan, stock participation plan and any other similar plan or trust for the benefit of employees of the Corporation unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid.
- (bb) **Market Price** per security of any securities on any date of determination shall mean the average of the daily closing prices per share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 shall have caused the closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the adjustment provided for in Section 2.3 or as the Board of Directors shall otherwise determine in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per security of any securities on any date shall be:
- (i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal Canadian stock exchange (as determined by the Board of Directors) on which such securities are listed or admitted to trading;
  - (ii) if for any reason none of such prices is available on such day or the securities are not listed or posted for trading on a Canadian stock exchange, the last sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal national United States securities exchange (as determined by the Board of Directors) on which such securities are listed or admitted to trading;
  - (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange, the last sale price or, in case no sale takes place on such date, the average of the high bid and low asked prices for each of such securities in the over-the-counter market, as quoted by any reporting system then in use (as determined by the Board of Directors); or

- (iv) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange or quoted by any such reporting system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected by the Board of Directors;

provided, however, that if for any reason none of such prices is available on such day, the closing price per share of such securities on such date means the fair value per share of such securities on such date as determined a nationally or internationally recognized firm of investment dealers or investment bankers selected by the Board of Directors and provided further that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused any price used to determine the Market Price on any Trading Day not to be fully comparable with the price as so determined on the Trading Day immediately preceding such date of determination, each such price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the price on the Trading Day immediately preceding such date of determination. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof.

(cc) **Nominee** has the meaning ascribed thereto in Subsection 2.2(c).

(dd) **Offer to Acquire** includes:

- (i) an offer to purchase or a solicitation of an offer to sell Voting Shares or Convertible Securities; and
- (ii) an acceptance of an offer to sell Voting Shares or Convertible Securities, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell.

(ee) **Offeror** means a Person who has announced a current intention to make or who is making a Take-over Bid;

(ff) **Offeror s Securities** means Voting Shares Beneficially Owned by an Offeror on the date of the Offer to Acquire.

- (gg) **Permitted Bid** means Take-over Bid made by an Offeror by way of take-over bid circular which also complies with the following provisions:
- (i) the Take-over Bid is made to all holders of Voting Shares, other than the Offeror;
  - (ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date which is not less than 60 days following the date of the Take-over Bid and only if at such date more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn provided that if the Take-over Bid is for less than all of the outstanding Voting Shares, no Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the end of the 10 Business Day period referenced in 1.1(gg)(iv);
  - (iii) unless the Take-over Bid is withdrawn, the Take-over Bid contains an irrevocable and unqualified provision that Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period of time described in Clause 1.1(gg)(ii) and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
  - (iv) the Take-over Bid contains an irrevocable and unqualified provision that in the event the deposit condition set forth in Clause 1.1(gg)(ii) is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than 10 Business Days from the date of such public announcement;

provided always that a Permitted Bid will cease to be a Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition and provided that, at such time, any acquisition of Voting Shares made pursuant to such Permitted Bid, including any acquisition of Voting Shares theretofore made, will cease to be a Permitted Bid Acquisition.

- (hh) **Permitted Bid Acquisition** means an acquisition of Voting Shares made pursuant to a Permitted Bid or a Competing Permitted Bid.

- (ii) **Permitted Lock-up Agreement** means an agreement between a Person and one or more holders of Voting Shares or Convertible Securities (each a **Locked-up Person**) (the terms of which are publicly disclosed and a copy of which is made available to the public (including the Corporation) not later than the date the Lock-up Bid (as defined below) is publicly announced or, if the Lock-up Bid has been made prior to the date on which such agreement is entered into, forthwith, and in any event not later than the date of such agreement), pursuant to which each such Locked-up Person agrees to deposit or tender Voting Shares or Convertible Securities (or both) to a Take-over Bid (the **Lock-up Bid**) made or to be made by the Person or any of such Person's Affiliates or Associates or any other Person referred to in Clause (iii) of the definition of Beneficial Owner; provided that:
- (i) the agreement:
    - (A) permits the Locked-up Person to terminate its obligation to deposit or tender, and permits the Locked-up Person to withdraw if already deposited or tendered, the Voting Shares or Convertible Securities (or both) from the Lock-up Bid in order to tender or deposit such securities to another Take-over Bid or to support another transaction that represents a price or value of consideration for each Voting Share or Convertible Security that exceeds the price or value of consideration represented or proposed to be represented by the Lock-up Bid; or
    - (B) (1) permits the Locked-up Person to terminate its obligation to deposit or tender, and permits the Locked-up Person to withdraw if already deposited or tendered, the Voting Shares or Convertible Securities from the agreement in order to tender or deposit the Voting Shares or Convertible Securities to another Take-over Bid, or to support another transaction that provides for a price or value of consideration for each Voting Share or Convertible Security that exceeds by as much as or more than a specified amount (the **Specified Amount**) the price or value of consideration for each Voting Share or Convertible Security contained in or proposed to be contained in, and is made for at least the same number of Voting Shares or Convertible Securities as, the Lock-up Bid; and
    - (2) does not by its terms provide for a Specified Amount that is greater than 7% over the price or value of consideration for each Voting Share or Convertible Security contained in or proposed to be contained in the Lockup Bid;

and, for greater clarity, the agreement may contain a right of first refusal or permit a period of delay to give such Person an opportunity to at least match a higher price or value of consideration in another Take-over Bid and may provide for any other similar limitation on a Locked-up Person's right to withdraw Voting Shares or Convertible Securities (or both) from the agreement, as long as the Locked-Up Person can accept another bid or tender to another transaction; and

- (ii) no break-up fees, top-up fees, penalties, expenses or other amounts that exceed in the aggregate the greater of:
  - (A) the cash equivalent of 2<sup>1</sup>/<sub>2</sub>% of the price or value payable under the Lockup Bid to a Locked-up Person; and
  - (B) 50% of the amount by which the price or value payable under another Take-over Bid or transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid,

is payable by a Locked-up Person pursuant to the agreement in the event a Locked-up Person fails to deposit or tender Voting Shares or Convertible Securities (or both) to the Lock-up Bid, withdraws Voting Shares or Convertible Securities (or both) previously tendered thereto or supports another transaction.

- (jj) **Person** includes any individual, firm, partnership, association, trust, body corporate, corporation, unincorporated organization, syndicate, governmental entity or other entity.
- (kk) **Pro Rata Acquisition** means an acquisition by a Person of Voting Shares or Convertible Securities pursuant to:
  - (i) a stock dividend, stock split or other event in respect of securities of the Corporation of one or more particular classes or series pursuant to which such Person becomes the Beneficial Owner of Voting Shares or Convertible Securities on the same pro rata basis as all other holders of securities of the particular class, classes or series;
  - (ii) the acquisition or the exercise by the Person of only those rights to purchase Voting Shares distributed to that Person in the course of a distribution to all holders of securities of the Corporation of one or more particular classes or series pursuant to a rights offering (other than the Rights) or pursuant to a prospectus provided that the Person does not thereby acquire a greater percentage of such Voting Shares, or securities convertible into or exchangeable for Voting Shares, so offered than the Person's percentage of Voting Shares owned immediately prior to such acquisition; or
  - (iii) a distribution of Voting Shares, or securities convertible into or exchangeable for Voting Shares (and the conversion or exchange of such convertible or exchangeable securities), made pursuant to a prospectus or by way of a private placement, provided that the Person does not thereby acquire a greater percentage of such Voting Shares, or securities convertible into or exchangeable for Voting Shares, so offered than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition.
- (ll) **Record Time** means the close of business on April 5, 2010.



- (mm) **Redemption Price** has the meaning ascribed thereto in Subsection 5.1(a).
- (nn) **Right** means a right to purchase a Common Share upon the terms and subject to the conditions set forth in this Agreement.
- (oo) **Rights Certificate** means the certificates representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Attachment I.
- (pp) **Rights Register** has the meaning ascribed thereto in Subsection 2.6(a).
- (qq) **RT Agreements** means (i) the Private Placement Agreement between the Corporation and Rio Tinto International Holdings Limited ( **Rio Tinto** ) dated October 18, 2006, as amended prior to the date hereof and as may be further amended after the date hereof (the **Private Placement Agreement** ), (ii) the Credit Agreement dated October 24, 2007 between the Corporation and Rio Tinto, as amended prior to the date hereof and as may be further amended after the date hereof, and (iii) the Shareholders Agreement between Rio Tinto and Robert M. Friedland dated October 18, 2006, as amended prior to the date hereof and as may be further amended after the date hereof.
- (rr) **RT Arrangements** means (i) the Series A Warrants, (ii) the Series B Warrants, (iii) the Series C Warrants, (iv) the Anti-Dilution Ivanhoe Warrants Beneficially Owned by Rio Tinto as at the Record Time, (v) any additional Anti-Dilution Ivanhoe Shares or Anti-Dilution Ivanhoe Warrants that Rio Tinto becomes entitled to acquire after the Record Time, (vi) the Conversion Rights, (vii) the Right of First Offer, (viii) Rio Tinto's right to acquire Voting Shares or Convertible Securities under Section 6.1 of the Private Placement Agreement, and (ix) any other rights of Rio Tinto under the RT Agreements to acquire Voting Shares or Convertible Securities and, for the purposes of this definition, **Anti-Dilution Ivanhoe Shares** , **Anti-Dilution Ivanhoe Warrants** , **Conversion Rights** , **Right of First Offer** , **Series A Warrants** , **Series B Warrants** and **Series C Warrants** have the meanings assigned to them in the Private Placement Agreement.
- (ss) **Securities Act** means the *Securities Act* (Ontario), as amended from time to time, and the regulations thereunder, and any comparable or successor laws or regulations thereto.
- (tt) **Separation Time** shall mean the close of business on the tenth Trading Day after the earlier of:
- (i) the Stock Acquisition Date;
  - (ii) the date of the commencement of or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); and
  - (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such;

or, in the case of clauses (ii) and (iii) of this definition, such later date as may be determined by the Board of Directors; provided that if any such Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this provision, never to have been made.

- (uu) **Shareholder Approval** means approval by a majority of the votes cast by the holders of Voting Shares at a meeting called and held in accordance with applicable laws and the articles and by-laws of the Corporation or a written resolution approved by holders of a majority of the outstanding Voting Shares excluding, in all cases, Voting Shares held by Persons who are not Independent Shareholders.
- (vv) **Stock Acquisition Date** shall mean the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 102.1 of the Securities Act) by the Corporation or an Acquiring Person that an Acquiring Person has become such.
- (ww) A corporation shall be deemed to be a **Subsidiary** of another corporation if:
  - (i) it is controlled by:
    - (A) that other;
    - (B) that other and one or more corporations each of which is controlled by that other; or
    - (C) two or more corporations each of which is controlled by that other; or
  - (ii) it is a Subsidiary of a corporation that is that other's Subsidiary.
- (xx) **Take-over Bid** means an Offer to Acquire, where the Voting Shares subject to the Offer to Acquire, together with (i) the Voting Shares into which securities subject to the Offer to Acquire are convertible and (ii) the Offeror's Securities, constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire.
- (yy) **Termination Time** shall mean the time at which the right to exercise Rights shall terminate pursuant to Section 5.1(d) hereof.
- (zz) **Trading Day**, when used with respect to any securities, means a day on which the principal Canadian stock exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian stock exchange, a Business Day.

- (aaa) **U.S. Canadian Exchange Rate** means, on any date:
- (i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and
  - (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars calculated in such manner as may be determined by the Board of Directors from time to time acting in good faith.
- (bbb) **U.S. Dollar Equivalent** of any amount, which is expressed in Canadian dollars means, on any date, the United States dollar equivalent of such amount determined by multiplying such amount by the Canadian U.S. Exchange Rate in effect on such date.
- (ccc) **Voting Share Reduction** means an acquisition or redemption by the Corporation of Voting Shares or any other transaction which, by reducing the number of Voting Shares outstanding, increases the proportionate number of Voting Shares Beneficially Owned by any person to 20% or more of the Voting Shares then outstanding.
- (ddd) **Voting Shares** shall mean the Common Shares of the Corporation and any other shares in the capital of the Corporation entitled to vote generally in the election of all directors.

## 1.2 Currency

All sums of money, which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

## 1.3 Headings

The division of this Agreement into Articles, Sections, Subsections, Clauses, Paragraphs, Subparagraphs or other portions hereof and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

#### **1.4 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares**

For purposes of this Agreement, the percentage of Voting Shares Beneficially Owned by any Person, shall be and be deemed to be the product (expressed as a percentage) determined by the formula:

$$100 \times A/B$$

where:

A = the number of votes for the election of all directors generally attaching to the Voting Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Voting Shares.

For the purposes of the foregoing formula, where any Person is deemed to Beneficially Own unissued Voting Shares which may be acquired pursuant to Convertible Securities, such Voting Shares shall be deemed to be outstanding for the purpose of calculating the percentage of Voting Shares Beneficially Owned by such Person in both the numerator and the denominator, but no other unissued Voting Shares which may be acquired pursuant to any other outstanding Convertible Securities shall, for the purposes of that calculation, be deemed to be outstanding.

#### **1.5 Acting Jointly or in Concert**

For the purposes of this Agreement, a Person is acting jointly or in concert with every other Person who, as a result of any agreement, arrangement, or understanding, whether formal or informal, with the first Person or any Associate or Affiliate thereof, acquires or offers to acquire Voting Shares (other than (A) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a distribution of securities by way of prospectus or private placement; or (B) pledges of securities in the ordinary course of business).

### **ARTICLE 2 THE RIGHTS**

#### **2.1 Issuance and Evidence of Holdings of Rights**

One Right in respect of each Common Share outstanding at the Record Time and each Common Share which may be issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time shall be issued in accordance with the terms hereof. Notwithstanding the foregoing, one Right in respect of each Common Share issued after the Record Time upon the exercise of rights pursuant to Convertible Securities outstanding at the Record Time may be issued after the Separation Time but prior to the Expiration Time.

Certificates representing Common Shares which are issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall also evidence one Right for each Common Share represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

Until the Separation Time (as defined in the Shareholder Rights Agreement referred to below), this certificate also evidences and entitles to holder hereof to certain Rights described in a Shareholder Rights Plan Agreement dated as of April 5, 2010 (the **Shareholder Rights Agreement**) between Ivanhoe Mines Ltd. (the **Corporation**) and CIBC Mellon Trust Company (the **Rights Agent**), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Corporation. Under certain circumstances set out in the Shareholder Rights Agreement, the rights may expire, may be amended or redeemed, may become null and void or may be evidenced by separate certificates and no longer evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Shareholder Rights Agreement to the holder of this certificate without charge as soon as practicable, after the receipt of a written request therefor.

Certificates representing Common Shares that are issued and outstanding at the Record Time shall evidence one Right for each Common Share represented thereby, notwithstanding the absence of the foregoing legend, until the close of business on the earlier of the Separation Time and the Expiration Time.

Registered holders of Common Shares who have not received a share certificate and are entitled to do so on the earlier of the Separation Time and the Expiration Time shall be entitled to Rights as if such certificates had been issued and such Rights shall for all purposes hereof be evidenced by the corresponding entries on the Corporation's securities register for common shares.

## **2.2 Exercise of Rights; Detachment of Rights**

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase one Common Share for the Exercise Price (which Exercise Price and number of Common Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.
- (b) Until the Separation Time:
  - (i) the Rights shall not be exercisable and no Right may be exercised; and
  - (ii) each Right will be evidenced by the certificate for the associated Common Share registered in the name of the holder thereof (which certificate shall also be deemed to represent a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.
- (c) From and after the Separation Time and prior to the Expiration Time:
  - (i) the Rights shall be exercisable; and

(ii) the registration and transfer of Rights shall be separate from and independent of the Common Shares. Promptly following the Separation Time, the Corporation will prepare and the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a **Nominee** )) at such holder's address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose):

- (x) a Rights Certificate appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule or regulation or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and

(y) a disclosure statement describing the Rights, provided that a Nominee shall be sent the materials provided for in (x) and (y) in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person.

(d) Rights may be exercised, in whole or in part, on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent:

- (i) the Rights Certificate evidencing such Rights;
- (ii) an election to exercise such Rights (an **Election to Exercise** ) substantially in the form attached to the Rights Certificate appropriately completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and