

IVANHOE MINES LTD
Form 6-K
July 07, 2004

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: June 30, 2004

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:

Prospectus
Press Release

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: June 30, 2004

By: */s/ Beverly A. Bartlett*
BEVERLY A. BARTLETT
Corporate Secretary

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the U.S. Securities Act) or any state securities laws. Accordingly, such securities may not be offered or sold in the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See Plan of Distribution .

Information has been incorporated by reference in this short form prospectus from documents filed with securities regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Ivanhoe Mines Ltd. at Suite 654 999 Canada Place, Vancouver, British Columbia V6C 3E1 (telephone (604) 688-5755).

Short Form Prospectus

New Issue

June 30, 2004

IVANHOE MINES LTD.

Cdn.\$140,000,000

20,000,000 Common Shares

This short form prospectus qualifies for distribution (the Offering) 20,000,000 common shares (Common Shares) of Ivanhoe Mines Ltd. (Ivanhoe or the Corporation) at a price of Cdn.\$7.00 per Common Share (the Offering Price). The Common Shares are traded on the Toronto Stock Exchange (the TSX) and the Australian Stock Exchange (the ASX) under the symbol IVN and are quoted on the NASDAQ National Market (Nasdaq) under the symbol HUGO . The price of the Common Shares at the close of business on June 29, 2004 was Cdn.\$7.07 on the TSX and U.S.\$5.19 on Nasdaq. The TSX has conditionally approved for listing the Common Shares to be distributed pursuant to the Offering. Listing of such Common Shares is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before September 23, 2004.

Price: Cdn.\$7.00 per Common Share

The Offering Price was determined by negotiation between Ivanhoe and GMP Securities Ltd. and BMO Nesbitt Burns Inc. (the Underwriters).

	Price to the Public⁽²⁾	Underwriters' Fee⁽²⁾	Net Proceeds to the Corporation⁽¹⁾⁽²⁾
Per Common Share (Cdn.\$)	\$ 7.00	\$ 0.315	\$ 6.685
Total (Cdn.\$)	\$ 140,000,000	\$ 6,300,000	\$ 133,700,000

Note:

(1)

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Before deducting expenses of this Offering, estimated to be approximately Cdn.\$750,000 which will be paid from the net proceeds of the Offering.

- (2) Ivanhoe has granted to the Underwriters an option (the Underwriters Option) to purchase up to 3,000,000 Common Shares at a price per Common Share equal to the Offering Price to cover over-allotments, if any. The Underwriters Option will be exercisable for a period of 30 days following the closing date of the Offering. Taking into account the exercise of the Underwriters Option, the total Price to the Public, Underwriters Fee and Net Proceeds to the Corporation will be Cdn.\$161,000,000, Cdn.\$7,245,000 and Cdn.\$153,755,000, respectively.
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This prospectus qualifies the distribution of the Underwriters' Option, and the additional Common Shares issuable upon the exercise of the Underwriters' Option. See Plan of Distribution .

The Underwriters, as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when issued by Ivanhoe and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under Plan of Distribution and subject to the approval of certain legal matters on behalf of Ivanhoe by Goodmans, Vancouver and on behalf of the Underwriters by Torys LLP.

Subscriptions for the Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Certificates representing the Common Shares will be available for delivery at the closing of this Offering, which is expected to occur on or about July 8, 2004 (the Closing Date) but in any event no later than August 11, 2004. In accordance with applicable laws and policies, the Underwriters may effect transactions that stabilize or maintain the market price of the Common Shares. Such transactions, if commenced, may be discontinued at any time. See Plan of Distribution . The Common Shares will qualify as investments under certain statutes as described herein under the Eligibility for Investment .

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ELIGIBILITY FOR INVESTMENT

In accordance with legislation in effect at the date of this prospectus and subject to compliance with the prudent investment standards and general investment provisions and restrictions contained in the statutes referred to below (and, where applicable, the regulations made under those statutes) and, in certain cases, subject to the satisfaction of additional requirements relating to investment policies, standards, procedures or goals and in certain cases, subject to the filing of such policies, standards, procedures or goals with the appropriate regulatory authorities, the Common Shares offered by this prospectus would not, if issued on the date hereof, be precluded as investments under the following statutes:

Insurance Companies Act (Canada)
Pension Benefits Standards Act, 1985 (Canada)
Trust and Loan Companies Act (Canada)
Financial Institutions Act (British Columbia)
Pension Benefits Standards Act (British Columbia)
Insurance Act (Alberta)
Heritage Savings Trust Fund Act (Alberta)
Loan and Trust Corporations Act (Alberta)
Employment Pension Plans Act (Alberta)
The Insurance Act (Manitoba)
The Trustee Act (Manitoba)
The Pension Benefits Standards Act (Manitoba)
Pension Benefits Act (Ontario)
Loan and Trust Corporations Act (Ontario)

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In the opinion of Goodmans, counsel to the Corporation, and Torys LLP, counsel to the Underwriters, provided the Common Shares offered hereby are listed on a prescribed stock exchange (which currently includes the TSX), based on the law as of the date hereof the Common Shares would, if issued on the date hereof, be qualified investments under the *Income Tax Act* (Canada) (the Tax Act) and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit

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sharing plans and registered education savings plans (collectively, Registered Plans). In the opinion of such counsel, based in part on a certificate of an officer of the Corporation, the Common Shares would not as of the date hereof be considered foreign property under the Tax Act for trusts governed by Registered Plans.

FORWARD LOOKING STATEMENTS

Certain statements contained in this short form prospectus and in the documents incorporated by reference herein respecting estimates of reserves and resources (including inferred resources), plans, objectives and future performance of Ivanhoe's business are forward-looking statements, within the meaning of the *United States Private Securities Litigation Reform Act of 1995*, including, without limitation, the discussions about scoping studies and feasibility studies being performed on the Oyu Tolgoi Project (as defined below) and the use of proceeds of the Offering. Forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will, expect, intend, estimate, anticipate, believe, or continue or the negative thereof or variations thereon or similar terminology. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in commodity prices, unanticipated reserve and resource grades, geological, metallurgical, processing, transportation, infrastructure and other problems, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, political risk and related economic risk, actual performance of plant, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, risk factors incorporated by reference in this short form prospectus. See also RISK FACTORS .

CURRENCY AND EXCHANGE RATES

In this short form prospectus, all references to U.S.\$ are to United States dollars and all references to Cdn.\$ are to Canadian dollars. The Bank of Canada noon buying rates for the purchase of one United States dollar using Canadian dollars were as follows during the indicated periods:

(Stated in Canadian dollars)

	Three Months Ended March 31, 2004	Year Ended December 31		
		2003	2002	2001
End of period	1.3105	1.2924	1.5796	1.5928
High for the period	1.3570	1.5777	1.6184	1.6052
Low for the period	1.2750	1.2839	1.5155	1.4901
Average for the period	1.3236	1.40146	1.5703	1.5484

The Bank of Canada noon buying rate on June 28, 2004 for the purchase of one United States dollar using Canadian dollars was Cdn.\$1.3433 (one Canadian dollar on that date equalled U.S.\$0.7444).

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of Ivanhoe, filed with the various securities commissions or similar authorities in all of the provinces of Canada, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

1. Renewal Annual Information Form dated April 30, 2004 (the AIF).

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2. Comparative consolidated financial statements of Ivanhoe for the years ended December 31, 2003 and 2002, together with the notes thereto and the auditors' report thereon and including the management's discussion and analysis of financial condition and results of operations (MD&A) for such periods.
3. Comparative unaudited interim consolidated financial statements for the three month periods ended March 31, 2004 and 2003, together with the MD&A for such periods.
4. Management Information Circular dated April 16, 2004 prepared in connection with Ivanhoe's annual meeting of shareholders held on June 10, 2004 (excluding the report on executive compensation, the performance graph and the statement of corporate governance practices).
5. Material Change Report dated January 8, 2004 respecting Ivanhoe's purchase of US\$50 million of treasury bills issued by the Government of Mongolia.
6. Material Change Report dated February 11, 2004 respecting a preliminary assessment of Ivanhoe's Oyu Tolgoi gold and copper mineral project (the Oyu Tolgoi Project) in Mongolia.
7. Material Change Report dated May 14, 2004 respecting an updated independent resource estimate for Ivanhoe's Oyu Tolgoi Project.
8. Material Change Report dated June 29, 2004 regarding this Offering.

Any documents of the type referred to in the preceding paragraph, interim financial statements and any material change reports (excluding confidential reports) filed by Ivanhoe with the securities commission or similar authority in each of the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus, to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this short form prospectus.

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commission of each of the provinces of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Ivanhoe, Suite 654, 999 Canada Place, Vancouver, B.C. V6C 3E1 (telephone (604) 688-5755). For the purposes of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Secretary of Ivanhoe at the above-referenced number.

NAME AND INCORPORATION

Ivanhoe was incorporated under the *Company Act* (British Columbia) on January 25, 1994 under the name 463212 B.C. Ltd. In February 1994, Ivanhoe changed its name to Indochina Goldfields Ltd. In March 1994, Ivanhoe increased its authorized capital from 10,000 common shares without par value to 100,000,000 common shares without par value and created 100,000,000 preferred shares without par value. In February 1995, Ivanhoe was continued under the *Business Corporations Act* (Yukon). In July 1997, Ivanhoe increased its authorized capital to an unlimited number of common shares without par value and an unlimited number of preferred shares without par value (Preferred Shares). In June 1999, Ivanhoe changed its name to Ivanhoe Mines Ltd.

Ivanhoe's North American headquarters are located at Suite 654, 999 Canada Place, Vancouver, B.C. V6C 3E1. Ivanhoe's Asian headquarters are located at 37th Floor #2, Millenia Tower, 1 Temasek Avenue, Singapore 039192. The Corporation's registered office is located at Suite 300, 204 Black Street, Whitehorse, Yukon, Canada, Y1A 2M9.

Subsidiaries

The corporate structure of Ivanhoe, its material subsidiaries, the percentage ownership in subsidiaries which are not wholly-owned by Ivanhoe and the jurisdiction of incorporation of such corporations as at the date of this short form prospectus are set out in the following chart.

Note: All subsidiaries are wholly-owned unless otherwise indicated.
BVI means British Virgin Islands.

SUMMARY DESCRIPTION OF THE BUSINESS

Ivanhoe is an international mineral exploration and development company. Ivanhoe holds interests in and conducts operations on mineral resource properties in Mongolia, Myanmar, Australia, China and Kazakhstan. Ivanhoe also holds equity investments in Jinshan Gold Mines Inc. (formerly Pacific Minerals Inc.), Asia Gold Corp. and Olympus Pacific Minerals Inc., each of which has its common shares listed on the TSX Venture Exchange, and Intec Ltd., which has its ordinary shares listed on the Australian Stock Exchange.

Ivanhoe's principal mineral resource properties are the Oyu Tolgoi Project in Mongolia, the Monywa copper project (the Monywa Copper Project) in Myanmar and the Savage River iron ore mine (the Savage River Project) in Tasmania, Australia. Ivanhoe holds a 100% interest in the Oyu Tolgoi Project and the Savage River Project and a 50% interest in the Monywa Copper Project.

A brief summary of recent developments in respect of the Oyu Tolgoi Project is set forth below. For a more detailed description of all of the Corporation's properties, see Item 3. General Development of the Business and Item 4. Narrative Description of Business on pages 11 through 68 of Ivanhoe's AIF and the financial statements, MD&A and material change reports incorporated by reference in this short form prospectus.

Recent Developments respecting the Oyu Tolgoi Project

The Oyu Tolgoi Project is a copper and gold mineral exploration project located in the South Gobi region of Mongolia. Ivanhoe holds a 100% interest in the Oyu Tolgoi Project.

Since completing a preliminary assessment in February 2004, Ivanhoe has been engaged in a resource delineation drilling program to expand the inferred resources identified to date and to upgrade much of the existing inferred resource inventory to the measured and indicated categories. In May 2004, Ivanhoe's independent technical consultants, AMEC E&C Services Ltd. (AMEC) completed an updated resource estimate in respect of the Hugo Dummett zone of the Oyu Tolgoi Project. AMEC's estimate updated and increased the inferred resources in the Hugo Dummett zone to 1.16 billion tonnes grading 1.29% copper and 0.23 grams per tonne gold at a 0.60% copper equivalent cut-off, containing approximately 33 billion pounds of copper and 8.58 million ounces of gold.

Additional resource delineation drilling has recently been completed in the Southwest Oyu and Central Oyu zones and the recently discovered Bridge zone (between the Southwest and Central zones). Ivanhoe has submitted the resulting data to AMEC for analysis and interpretation and has instructed AMEC to prepare an updated resource estimate for the entire Oyu Tolgoi Project. Ivanhoe expects this updated estimate to be completed during the third quarter of 2004 and plans to use the new estimate in carrying out pre-feasibility and feasibility studies.

Ivanhoe is planning to sink a 120 metre shaft on the Southwest Oyu deposit to collect a 120 tonne bulk sample for comminution test work. This shaft is being sunk in lieu of previous plans to drill 200 millimetre holes on the property for the same purpose.

Ivanhoe currently has 12 drill rigs operating on the Oyu Tolgoi Project. Five rigs are drilling in the Hugo Dummett zone, five rigs are drilling engineering/geotechnical holes required for feasibility and mine planning studies, and two rigs are drilling to extend mineralization into sparsely-drilled areas adjoining the main deposits in order to determine if additional resources can be delineated that would enhance open-pit strip ratios. This work has, to date, delineated additional resources in an area between the Southwest Oyu and Central Oyu zones, referred to as the Bridge Zone, and between Southwest Oyu, Far Southwest Oyu and South Oyu in two new areas referred to as the Wedge zone and the Gap zone.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Ivanhoe as of the dates indicated and reflects material changes in Ivanhoe's capitalization since December 31, 2003. The following table should be read in conjunction with Ivanhoe's comparative consolidated financial statements for the years ended December 31, 2003 and December 31, 2002 and the notes that accompany them.

	As at December 31, 2003	As at May 31, 2004	As at May 31, 2004
	actual	actual (unaudited)	as adjusted⁽¹⁾ (unaudited)
	(in U.S.\$000's)		
Loans Payable to Related Parties	\$ 5,088	\$ 5,088	\$ 5,088
Long-term Debt (including current portion)	22,179	18,062	18,062
Shareholders' Equity			
Common Shares	719,289	771,277	870,077
Special Warrants ⁽²⁾	49,975		
Additional Paid-in Capital	404	404	404
Contributed Surplus	6,044	8,930	8,930
Accumulated Deficit	(440,465)	(483,337) ⁽³⁾	(483,337) ⁽³⁾
	<u> </u>	<u> </u>	<u> </u>
Total Consolidated Capitalization	<u>\$ 362,514</u>	<u>\$ 320,424</u>	<u>\$ 419,224</u>

(1) The adjusted figures as at May 31, 2004 give effect to the issue of the 20,000,000 Common Shares for gross proceeds of Cdn\$140,000,000 (approximately U.S.\$104,100,000) and reflect estimated expenses of the Offering amounting to approximately Cdn.\$750,000 (approximately U.S.\$560,000), based on the rate of exchange between Canadian and United States dollars on June 28, 2004.

(2) Exercised and converted into share capital in January 2004.

(3) Represents an estimate based on the actual deficit of \$468,337,000 as at March 31, 2004 and the estimated net loss for the months of April and May 2004 aggregating \$15,000,000.

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of Ivanhoe consists of an unlimited number of Common Shares without par value and an unlimited number of Preferred Shares. As of the date of this short form prospectus, there are 271,946,478 Common Shares and no Preferred Shares issued and outstanding. Rights and restrictions in respect of the Common Shares and the Preferred Shares are set out in Ivanhoe's articles of continuance, Ivanhoe's by-laws and in the *Yukon Business Corporations Act*, and its regulations.

The holders of Common Shares are entitled to one vote per Common Share at all meetings of shareholders except meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class or series. Subject to the prior rights of the holders of Preferred Shares, the holders of Common Shares are entitled to receive dividends as and when declared by the directors, and to receive a pro rata share of the remaining property and assets of the Corporation in the event of liquidation, dissolution or winding up of the Corporation. The Common Shares have no pre-emptive, redemption, purchase or conversion rights. Neither the *Yukon Business Corporations Act* nor the constating documents of the Corporation impose restrictions on the transfer of Common Shares on the register of the Corporation, provided that the Corporation receives the certificate representing the Common Shares to be transferred together with a duly endorsed instrument of transfer and payment of any fees and taxes which may be prescribed by the Board of Directors from time to time. There are no sinking fund provisions in relation to the Common Shares and they

are not liable to further calls or to assessment by the Corporation. The *Yukon Business Corporations Act* provides that the rights and provisions attached to any class of shares may not be modified, amended or varied unless consented to by special resolution passed by a majority of not less than two-thirds of the votes cast in person or by proxy by holders of shares of that class.

The Preferred Shares as a class rank senior to the Common Shares as to the payment of dividends and the distribution of property and assets on the liquidation, dissolution or winding-up of the Corporation. Holders of Preferred Shares are not entitled to any voting rights as a class except as may be provided under the *Yukon Business Corporations Act* except those voting rights which attach to any series of Preferred Shares as determined by the directors of the Corporation from time to time.

The Preferred Shares are issuable in one or more series, each consisting of such number of Preferred Shares as may be fixed by the Corporation's directors. The Corporation's directors may from time to time, by resolution passed before the issue of any Preferred Shares of any particular series, alter the constating documents of the Corporation to determine the designation of the Preferred Shares of that series and to fix the number of Preferred Shares therein and alter the constating documents to create, define and attach special rights and restrictions to the shares of that series, including, without limitation, the following: (i) the nature, rate or amount of dividends and the dates, places and currencies of payment thereof; (ii) the consideration for, and the terms and conditions of, any purchase of the Preferred Shares for cancellation or redemption; (iii) conversion or exchange rights; (iv) the terms and conditions of any share purchase plan or sinking fund; and (v) voting rights and restrictions.

Registered holders of both the Preferred Shares and Common Shares are entitled, at their option, to a certificate representing their shares of the Corporation.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the *Underwriting Agreement*) dated as of June 30, 2004 between the Corporation and the Underwriters, as principals, the Corporation has agreed to sell and the Underwriters have agreed to purchase on or about July 8, 2004 or in any event not later than August 11, 2004, 20,000,000 Common Shares at a price of Cdn.\$7.00 per Common Share payable in cash against delivery of certificates representing the Common Shares. The total gross proceeds of the Offering will be Cdn.\$140,000,000. The Corporation also granted to the Underwriters the *Underwriters' Option*, which entitles the Underwriters to purchase up an additional 3,000,000 Common Shares, exercisable at any time prior to 30 days following the closing date of the Offering to cover over-allotments, if any. This short form prospectus qualifies the distribution of the *Underwriters' Option* and the additional Common Shares issuable upon the exercise of the *Underwriters' Option*.

The Offering Price was determined by negotiation between Ivanhoe and the Underwriters. The *Underwriting Agreement* states that the Corporation will pay to the Underwriters a fee equal to Cdn.\$0.315 per Common Share (4.5% of the Offering Price) in consideration of services rendered by the Underwriters in connection with the Offering.

The obligations of the Underwriters under the *Underwriting Agreement* may be terminated on the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Common Shares offered hereby if any are purchased under the *Underwriting Agreement*.

The Corporation has agreed to indemnify the Underwriters and their broker/dealer affiliates against certain liabilities, including liabilities under the United States securities laws and under Canadian securities legislation, and to contribute to payments that the Underwriters may be required to make in respect thereof.

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Ivanhoe has agreed not to reserve, allot, create or issue, or enter into an agreement or publicly announce any intention to reserve, allot, create or issue any Common Shares or any securities convertible into or exchangeable for Common Shares without the prior written consent of the Underwriters, such consent not to be unreasonably withheld, until the date which is 90 days after the closing of the Offering, except pursuant to this Offering or:

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(i) the grant or exercise of stock options pursuant to Ivanhoe's equity incentive plan; and (ii) the exercise or conversion of outstanding warrants or other convertible securities or similar rights.

The TSX has conditionally approved for listing the Common Shares to be distributed pursuant to the Offering. Listing of such Common Shares is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before September 23, 2004.

Pursuant to policy statements of the Ontario Securities Commission and the L'Agence nationale d'encadrement du secteur financier, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of Market Regulation Services Inc. relating to market stabilization and passive market making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Under the first-mentioned exception, in connection with the Offering and subject to the foregoing, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels above that which would otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Such a transaction may not occur in Australia.

U.S. Sales

The Common Shares (including the additional Common Shares issuable upon exercise of the Underwriters' Option) have not been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly may not be offered or sold within the United States; except that the Underwriters may, through certain of its qualified U.S. broker-dealer affiliates, offer Common Shares in transactions that comply with exemptions from registration under the U.S. Securities Act and applicable state securities laws.

This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Common Shares in the United States. The Underwriters have agreed that, except in certain transactions exempt from the registration requirements of the U.S. Securities Act, they will not offer or sell within the United States the Common Shares as part of its distribution. The Underwriters have further agreed that all offers and sales of the Common Shares will be made in compliance with Rule 903 of Regulation S under the U.S. Securities Act, or in compliance with an exemption from registration thereunder. The Common Shares may be resold on the TSX pursuant to Rule 904 of Regulation S under the U.S. Securities Act, which requires among other things, that neither the seller of the Common Shares nor any person acting on its behalf is aware of the fact that: (i) the offeree or the buyer is in the United States, or (ii) the transaction has been pre-arranged with a buyer in the United States. Terms used in this paragraph have the meanings ascribed to them by Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of this Offering, an offer or sale of the Common Shares within the United States by any dealer, whether or not participating in this Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an available exemption under the U.S. Securities Act.

Certificates representing any Common Shares which are sold in the United States will bear a legend to the effect that the Common Shares represented thereby are not registered under the U.S. Securities Act and may only be offered pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

Australian Sales

The Common Shares (including the additional Common Shares issuable upon the exercise of the Underwriters Option) will not have been issued under an Australian disclosure document and, subject to certain exceptions, may not be sold or offered for sale in Australia within 12 months after the issue of the Common Shares to the Underwriters. Ivanhoe may, if it deems it necessary, file and issue an Australian prospectus in relation to Common Shares before, at or after the time of issue of the Common Shares but before any on-sale of the Common Shares in Australia. Ivanhoe intends to issue an information notification to the ASX at or about the time of issue of the Common Shares. The Underwriters have agreed that they will not offer any of the Common Shares for sale in Australia within 12 months after their issue, except as may be permitted under Australian securities laws.

USE OF PROCEEDS

The aggregate net proceeds received by Ivanhoe from the sale of the Common Shares pursuant to this Offering (excluding the sale of any Common Shares to be issued on the exercise of the Underwriters Option), after deducting the Underwriters fee and paying the expenses of the Offering (including preparation of this short form prospectus) estimated to be Cdn.\$750,000 (approximately U.S.\$560,000), will be approximately Cdn.\$133,000,000 (approximately U.S.\$98,800,000). Ivanhoe intends to allocate the net proceeds of this Offering as follows:

Use of Proceeds	Amount
Exploration and development expenditures on the Oyu Tolgoi Project, including resource definition drilling, engineering and feasibility study activities	U.S.\$82,200,000
Exploration and development expenditures on Ivanhoe s mineral projects in China	U.S.\$8,700,000
General and administrative expenditures	U.S.\$7,900,000
Total	U.S.\$98,800,000

To the extent that some or all of the Underwriters Option is exercised, the Corporation intends to allocate all of the up to Cdn.\$21,000,000 of proceeds from such Underwriters Option to exploration and development expenditures on the Oyu Tolgoi Project.

RISK FACTORS

Investment in securities of Ivanhoe involves a significant degree of risk and should be considered speculative due to the nature of Ivanhoe s business and the present stage of its development. Investors should give careful consideration to the risk factors described in Item 4. Narrative Description of Business Risk Factors on pages 15 through 22 of Ivanhoe s AIF, which is incorporated by reference in this short form prospectus. These risk factors include :

there can be no assurance that Ivanhoe will be capable of raising the additional funding that it needs to carry out its exploration and development objectives;

Ivanhoe may be unsuccessful in obtaining the taxation and fiscal concessions and legal and investor protection assurances it is seeking from the Government of Mongolia in its negotiations for a stability agreement in respect of the Oyu Tolgoi Project;

the Government of Mongolia treasury bills held by Ivanhoe may remain illiquid beyond the stated maturity date;

the mineral resources identified on the Oyu Tolgoi Project do not have demonstrated economic viability and the feasibility of mining has not been established;

lack of infrastructure in proximity to the Oyu Tolgoi Project could adversely affect mining feasibility;

Ivanhoe's business in Mongolia may be harmed if the country fails to complete its transition from state socialism and a planned economy to political democracy and a free market economy;

future amendments to Mongolian laws could weaken, shorten or curtail Ivanhoe's mineral exploration rights or make it more difficult or expensive to acquire and retain mining rights and carry out mining;

economic sanctions have been imposed by the United States, Canada and the European Union with respect to investing in and trading with Myanmar which may adversely affect the Monywa Copper Project. No proceeds from the Offering will be used, directly or indirectly, for investing in or trading with Myanmar. See "Use of Proceeds";

the Monywa Copper Project is not in full compliance with certain covenants under its principal project financing agreement;

the indebtedness on the Monywa Copper Project is subject to floating interest rates;

Ivanhoe faces geo-technical and development risks at the Monywa Copper Project, including generating capacity shortages and leaching process technical risks;

fluctuations in currency exchange rates may adversely affect the Savage River Project's financial position and results of operations;

Ivanhoe has a limited customer base for its products and needs to secure additional markets;

the Savage River Project is dependent on older process facilities and pipeline operations which may be prone to failure or breakdown;

there is a risk of long term decline in pellet grade at the Savage River Project;

the pit wall of the Savage River Project pit requires additional work to ensure its stability;

metal prices are volatile;

there can be no assurance that the interest held by Ivanhoe in its exploration, development and mining properties is free from defects or that material contractual arrangements between Ivanhoe and entities owned or controlled by foreign governments will not be unilaterally altered or revoked;

competition for new mining properties by larger, more established companies may prevent Ivanhoe from acquiring interests in additional properties or mining operations;

Ivanhoe has a limited operating history, and there is no assurance that it will be capable of consistently producing positive cash flows;

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a substantial portion of Ivanhoe's operations involve exploration and development and there is no guarantee that any such activity will result in commercial production of mineral deposits;

mining operations are subject to numerous hazards that could have a material adverse effect on the financial position of Ivanhoe;

Ivanhoe is exposed to risks of changing political stability and government regulation in the countries in which it operates;

Ivanhoe is subject to substantial environmental and other regulatory requirements and such regulations are becoming more stringent. Non-compliance with such regulations, either through current or future operations or a pre-existing condition, could materially adversely affect Ivanhoe;

previous mining operations may have caused environmental damage at Ivanhoe's mining sites, and its indemnities and exemptions from liability may not be effective;

Ivanhoe's prospects depend on its ability to attract and retain key personnel, and certain directors of Ivanhoe are directors or officers of, or have significant shareholdings in, other mineral resource companies and there is the potential that such directors will encounter conflicts of interest with Ivanhoe.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of Ivanhoe are Deloitte & Touche LLP, Chartered Accountants, Vancouver, British Columbia. The registrar and transfer agent for the Common Shares in Canada is CIBC Mellon Trust Corporation at its principal offices in Vancouver and Toronto.

LEGAL MATTERS

Certain Canadian legal matters in connection with this Offering will be passed upon by Goodmans, Vancouver on behalf of Ivanhoe and by Torys LLP on behalf of the Underwriters. As at the date hereof, the partners and associates of Goodmans, Vancouver, as a group, and the partners and associates of Torys LLP, as a group, beneficially own directly or indirectly less than one percent of the outstanding Common Shares.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities offered hereby. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereof. In several of the provinces of Canada, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of such purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS CONSENT

We have read the short form prospectus of Ivanhoe Mines Ltd. (the Corporation) dated June 30, 2004 relating to the issue and sale of Common Shares. We have complied with Canadian generally accepted standards for an auditor s involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Corporation on the consolidated balance sheets as at December 31, 2003 and 2002 and the consolidated statements of operations, shareholders equity and cash flows for each of the years then ended. Our report is dated March 29, 2004.

(signed) Deloitte & Touche LLP

Chartered Accountants

Vancouver, British Columbia
June 30, 2004

CERTIFICATE OF IVANHOE MINES LTD.

Dated: June 30, 2004

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Canada. For the purpose of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

(signed) Robert M. Friedland
Chief Executive Officer

(signed) Peter Meredith
Chief Financial Officer

On behalf of the Board of Directors

(signed) R. Edward Flood
Director

(signed) David Huberman
Director

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CERTIFICATE OF THE UNDERWRITERS

Dated: June 30, 2004

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities being offered by this prospectus as required by the securities laws of each of the provinces of Canada. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

GMP Securities Ltd.
(signed) Eugene C. McBurney

BMO Nesbitt Burns Inc.
(signed) Egizio Bianchini

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June 30, 2004

(THIS NEWS RELEASE, REQUIRED BY APPLICABLE CANADIAN LAWS, IS NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES, AND DOES NOT CONSTITUTE AN OFFER OF THE SECURITIES DESCRIBED HEREIN.)

**IVANHOE MINES FILES FINAL PROSPECTUS FOR CDN\$140 MILLION
EQUITY OFFERING OF COMMON SHARES**

SINGAPORE Ivanhoe Mines Chairman Robert Friedland and Deputy Chairman Ed Flood announced today that the company has filed a final short-form prospectus in all provinces of Canada for a previously announced underwritten equity offering of 10,714,285 common shares from treasury at a price of CDN\$7.00 per share, for gross proceeds of CDN\$75 million.

In addition, the underwriters have exercised their option to buy an additional 9,285,715 common shares at CDN\$7.00 per share, for gross proceeds of CDN\$65 million, bringing the total gross proceeds from the offering to CDN\$140 million.

The financing is expected to close on or about July 8th, 2004. Ivanhoe has granted the underwriters an option to buy up to an additional 15% of the total offering (3,000,000 shares) at CDN\$7.00 per share for a period of 30 days from closing.

These securities have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States unless registered under the Act or unless an exemption from registration is available.

Information contacts

Investors: Bill Trenaman: +1.604.688.5755

Media: Bob Williamson: +1.604.688.5755

UNDERWRITING AGREEMENT

June 30, 2004

Ivanhoe Mines Ltd.
Suite 654, 999 Canada Place
Vancouver, British Columbia
V6C 3E1

Attention: Robert M. Friedland
Chairman and Chief Executive Officer

Dear Sirs/Mesdames:

GMP Securities Ltd. (GMP) and BMO Nesbitt Burns Inc. (collectively the Underwriters) understands that Ivanhoe Mines Ltd. (the Company) proposes to issue and sell 20,000,000 common shares (Offered Shares) of the Company (the Offering) at a price of \$7.00 per Offered Share for aggregate gross proceeds of \$140,000,000.

Subject to the terms and conditions contained herein, the Underwriters hereby offer and agree to purchase the Offered Shares and the Company hereby agrees to issue and sell to the Underwriters, all but not less than all of the Offered Shares at the purchase price of \$7.00 per Offered Share, for an aggregate purchase price of \$140,000,000.

The Company understands that although this Agreement is presented on behalf of the Underwriters as purchasers, the Underwriters may arrange for substituted purchasers (the Substituted Purchasers) for the Offered Shares in connection with the private placements of the Offered Shares in the United States and Australia only in accordance with United States and Australian securities laws and the provisions of this Agreement and, in the case of the United States and without limiting the foregoing, specifically Section 17 of this Agreement. It is further understood that the Underwriters agree to purchase or cause to be purchased the Offered Shares, and if the Over-Allotment Option (as defined herein) is exercised, the Over-Allotment Shares (as defined herein), being issued by the Company and that this commitment is not subject to the Underwriters being able to arrange Substituted Purchasers. Each Substituted Purchaser shall purchase Offered Shares and Over-Allotment Shares at the offering price per Share set forth in the paragraphs above, and to the extent that Substituted Purchasers purchase Offered Shares and the Over-Allotment Shares, the obligations of the Underwriters to do so will be reduced by the number of Shares purchased by the Substituted Purchasers from the Company. Any reference in this Agreement hereafter to purchasers shall be taken to be a reference to the Underwriters, as the initial committed purchasers, and to the Substituted Purchasers, if any.

Terms and Conditions

The following are additional terms and conditions of the Agreement between the Company and the Underwriters:

1. **Definitions.** Where used in this Agreement, unless the context otherwise requires, the following terms shall have the following meanings:
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- (a) **affiliate** means affiliate as defined under the Securities Laws or any of them;
 - (b) **Agreement** means the agreement resulting from the acceptance by the Company of the offer made by the Underwriters herein;
 - (c) **ASX** means the Australian Stock Exchange Limited;
 - (d) **business day** means a day other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia;
 - (e) **Closing Date** means July 8, 2004 or such earlier or later date as the Company and the Underwriters may agree, but in no event no later than August 11, 2004;
 - (f) **Common Shares** mean common shares in the capital of the Company;
 - (g) **Company** means Ivanhoe Mines Ltd.;
 - (h) **Eligible Issuer** means an issuer which meets the eligibility criteria and has complied with the requirements of NI 44-101 so as to allow it to distribute securities using a short form prospectus;
 - (i) **Environmental Authority** has the meaning ascribed thereto in section 12(aa);
 - (j) **Environmental Laws** has the meaning ascribed thereto in section 12(aa);
 - (k) **Environmental Permits** has the meaning ascribed thereto in section 12(aa);
 - (l) **Final Prospectus** means the (final) short form prospectus of the Company qualifying the distribution of the Shares in all of the Qualifying Provinces;
 - (m) **Financial Statements** means the audited consolidated balance sheets of the Company as at December 31, 2003 and December 31, 2002 and the consolidated statements of operations, shareholders' equity and cash flows of the Company for the years ended December 31, 2003 and December 31, 2002, together with the comparative unaudited interim consolidated financial statements of the Company for the three month periods ended March 31, 2004 and 2003;
 - (n) **Hazardous Substances** has the meaning ascribed thereto in section 12(aa);
 - (o) **Information Record** means the documents incorporated by reference in the Final Prospectus;
 - (p) **material change** means a material change as defined under the Securities Laws or any of them or, where undefined under the applicable securities laws of a jurisdiction, means a change in the business, operations or capital of the Company or any of its Subsidiaries that would reasonably be expected to have a significant effect on the market price or value of any of the Company's securities and
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includes a decision to implement such a change made by the board of directors or senior management of the Company;

- (q) **material fact** means a material fact as defined under the Securities Laws or any of them or, where undefined under the applicable securities laws of a jurisdiction, means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Company's securities;
 - (r) **misrepresentation** means a misrepresentation as defined under the Securities Laws or any of them or, where undefined under the applicable securities laws of a jurisdiction, means: (i) an untrue statement of a material fact, or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made;
 - (s) **NASDAQ** means The NASDAQ Stock Market;
 - (t) **NI 43-101** means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;
 - (u) **NI 44-101** means National Instrument 44-101 *Short Form Prospectus Distributions*;
 - (v) **Offered Shares** has the meaning ascribed thereto in the first paragraph of this Agreement;
 - (w) **Optional Closing Time** has the meaning ascribed thereto in section 6;
 - (x) **Over-Allotment Option** has the meaning ascribed thereto in section 6;
 - (y) **Over-Allotment Shares** has the meaning ascribed thereto in section 6;
 - (z) **Preliminary Prospectus** means the preliminary short form prospectus of the Company dated June 23, 2004 prepared in connection with the qualification of the distribution of the Shares in the Qualifying Provinces, including any amendments thereto filed with the Securities Commissions;
 - (aa) **Principal Subsidiaries** means, collectively, those Subsidiaries listed in Schedule A ;
 - (bb) **Qualifying Provinces** means, collectively, each of the provinces of Canada;
 - (cc) **Securities Commissions** means, collectively, the securities commissions or similar regulatory authorities in each of the Qualifying Provinces;
 - (dd) **Securities Laws** means, collectively, the applicable securities laws of each of the Qualifying Provinces, including the respective rules, regulations, rulings and orders made thereunder;
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- (ee) Shares means, collectively, the Offered Shares and the Over-Allotment Shares;
 - (ff) Subsidiaries means all subsidiaries of the Company within the meaning of the Securities Laws or any of them, and Subsidiary means any one of such subsidiaries;
 - (gg) Supplementary Material means, collectively, any amendment to the Final Prospectus, any amended or supplemental prospectus or ancillary materials, information or documents filed by or on behalf of the Company under the Securities Laws relating to the qualification for distribution of, *inter alia*, the Shares hereunder;
 - (hh) Time of Closing means 5:30 a.m. (Vancouver time) on the Closing Date, or such other time on the Closing Date as the Company and the Underwriters may agree upon;
 - (ii) Trust Company means CIBC Mellon Trust Company;
 - (jj) TSX means the Toronto Stock Exchange;
 - (kk) U.S. Private Placement Memorandum means the U.S. Placement Memorandum of the Company dated June 30, 2004 and any amendment thereto, prepared in accordance with U.S. securities laws;
 - (ll) Underwriters has the meaning ascribed thereto in the first paragraph of this Agreement.
- Capitalized terms used but not defined herein have the meanings ascribed to them in the Final Prospectus.

Any reference in this Agreement to a section, subsection, paragraph or subparagraph shall refer to a section, subsection, paragraph or subparagraph, as the case may be, of this Agreement.

All words and personal pronouns relating thereto shall be read and construed in such manner as the number and gender of the party or parties referred to in each case require and the verb shall be construed as agreeing with the required word and/or pronoun.

2. **Offering in the United States.** Offers to purchase Shares in the United States shall be made only by affiliates of the Underwriters registered to sell securities in the United States or by purchasers substituted for such affiliates by the Underwriters, and only in accordance with United States securities laws and the provisions of this Agreement.
 3. **Offering in Australia.** Offers of Shares for issue or sale that are received in Australia shall be made only by persons holding an appropriate Australian financial services license or persons exempt from the requirement to hold such a license, and only without disclosure to investors under Part 6D.2 of the
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Corporations Act 2001 (Commonwealth of Australia) and in accordance with the provisions of this Agreement.

4. **Attributes of the Shares.** The Company covenants and agrees that the Shares to be issued shall be duly and validly issued by the Company and, when issued, shall have rights, privileges, restrictions and conditions that conform in all material respects to the rights, privileges, restrictions and conditions set forth in the Final Prospectus.
 5. **Qualification of Shares.** The Company hereby covenants and agrees that:
 - (a) the Company shall, as soon as possible and, in any event, not later than June 30, 2004 (or such later date as may be agreed to in writing by the Underwriters and the Company) have prepared and filed the Final Prospectus with each of the Securities Commissions under the Securities Laws, and shall have obtained receipts therefor dated the date of filing, and shall have taken all other steps and proceedings and fulfilled and complied with all legal requirements that may be necessary in order to qualify the Shares for distribution in each of the Qualifying Provinces by the Underwriters and other persons who are registered in a category permitting them to distribute the Shares under the Securities Laws;
 - (b) until the distribution of the Shares is completed, the Company shall promptly take or cause to be taken all such additional steps and proceedings and fulfil and comply with all requirements from time to time required under the Securities Laws to continue to qualify the distribution of the Shares or, in the event that the Shares have, for any reason, ceased to so qualify, to so qualify again the Shares; and
 - (c) the Company shall, as soon as possible and in any event by the Closing Date, fulfill and comply with, to the satisfaction of the Underwriters, acting reasonably, all legal requirements to be fulfilled or complied with by the Company to enable the Shares to be lawfully offered for sale and sold in the United States in accordance with section 17.
 6. **Option to Cover Over-Allotment.**
 - (a) The Company hereby grants to the Underwriters an option (the **Over-Allotment Option**) to purchase and offer for sale to the public for a 30 day period from the Closing Date, up to an additional number of Common Shares (the **Over-Allotment Shares**) equal to 15% of the aggregate number of Offered Shares for \$7.00 per Over-Allotment Share. Delivery of and payment for any Over-Allotment Shares shall be made at the offices of Goodmans, Vancouver, British Columbia, at such time on such date as set out in the written notice of GMP, on behalf of the Underwriters, referred to below (the **Optional Closing Time**), which Optional Closing Time may occur on the Closing Date but shall in no event occur earlier than the Closing Date nor earlier than two nor later than five business days after the delivery of a written notice by GMP, on behalf of the
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Underwriters, to the Company setting out the number of Over-Allotment Shares to be purchased by the Underwriters, which notice must be received by the Company not later than 5:00 p.m. (Vancouver time) on the day that is 30 days after the Closing Date. Upon the furnishing of such notice, the Underwriters shall be committed to purchase and the Company shall be committed to issue and sell in accordance with, and subject to the provisions hereof, that number of Over-Allotment Shares as set out in the written notice by GMP, on behalf of the Underwriters.

- (b) Over-Allotment Shares may be purchased by the Underwriters only for the purpose of satisfying over-allotments made in connection with the Offering and for market stabilization as permitted pursuant to Securities Laws.

7. **Distribution.**

The Underwriters will not solicit, directly or indirectly, offers to purchase or sell the Shares so as to require registration thereof or filing of a prospectus or other similar document with respect thereto under the laws of any jurisdiction other than the Qualifying Provinces. Notwithstanding the foregoing, the Underwriters may offer the Shares for sale in the United States subject to and in compliance with section 17, and for issue or sale in such other jurisdictions (including Australia) as the Underwriters may determine, provided that the offer and issue or sale of the Shares in such jurisdictions would not result in any registration or prospectus filing or similar requirements under the laws of such jurisdictions. GMP, on behalf of the Underwriters, shall notify the Company when, in the Underwriters opinion, the distribution of the Shares has been completed and provide the Company, in writing, with a breakdown of the number of Shares distributed in each of the Qualifying Provinces where such breakdown is required by the Securities Commission of such Qualifying Province. The Underwriters will not offer any of the Shares for sale in Australia within 12 months after their issue, except as may be permitted under Australian securities law.

8. **Underwriters Fee.** In consideration for the Underwriters services in:

- (a) assisting in the preparation of the Preliminary Prospectus, the Final Prospectus, the U.S. Private Placement Memorandum and any Supplementary Material;
 - (b) forming and managing any selling, banking or other groups in connection with the distribution of the Shares, should the Underwriters determine to do so;
 - (c) distributing the Shares, both directly and through other registered dealers and brokers, in the Qualifying Provinces and other jurisdictions;
 - (d) offering the Shares in the United States to Institutional Accredited Investors (as hereinafter defined) as Substituted Purchasers, in accordance with Regulation D and/or Section 4(2) of the U.S. Securities Act (as hereinafter defined);
 - (e) arranging marketing information meetings; and
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(f) all other matters in connection with the issue and sale of the Shares in the Qualifying Provinces, the United States and other jurisdictions as agreed among the Company and the Underwriters, the Company agrees to pay, on the basis of the number of Shares sold by them, to the Underwriters by wire transfer or other mutually acceptable method, at the Time of Closing (and, if applicable, at the Optional Closing Time) a commission fee of 4.5% of the total gross proceeds received by the Company.

9. Delivery of Final Prospectus and Related Matters.

(a) The Company shall cause to be delivered to the Underwriters as soon as possible but in any event no later than one day after the date of issuance of the receipt for the Final Prospectus in the Province of British Columbia and thereafter from time to time during the distribution of the Shares, as many commercial copies of the Final Prospectus, in the English and French language, as the Underwriters may reasonably request. The Company shall similarly cause to be delivered to the Underwriters, as promptly as practicable, commercial copies of any Supplementary Material, in the English and French language, required to be delivered to purchasers or prospective purchasers of the Shares. In addition, the Company shall as promptly as practicable cause to be delivered to the Underwriters such number of copies of the U.S. Private Placement Memorandum as the Underwriters shall reasonably require. The Company has heretofore delivered to the Underwriters copies of the Preliminary Prospectus, in the English and French language, as approved, signed and certified as required by the Securities Laws. Each delivery of the Preliminary Prospectus, the Final Prospectus, any Supplementary Material or the U.S. Private Placement Memorandum shall have constituted or constitute, as the case may be, consent by the Company to the use by the Underwriters and members of their selling group (if any) of such documents in connection with the distribution and sale of the Shares in all of the Qualifying Provinces and, where applicable, the United States and other jurisdictions;