May 15, 2012

IVANHOE MINES ANNOUNCES FINANCIAL RESULTS AND REVIEW OF OPERATIONS FOR THE FIRST QUARTER OF 2012

VANCOUVER, CANADA – Ivanhoe Mines today announced its financial results for the quarter ended March 31, 2012. All figures are in US dollars unless otherwise stated.

HIGHLIGHTS

- **Overall construction of the first phase of the Oyu Tolgoi copper-gold mining complex was 77.8% complete at the end of Q1'12 and had advanced to 82.2% complete at the end of April 2012. Construction remains on track to meet the mine's targeted start of initial production in the second half of 2012. Commercial production is projected to begin in the first half of 2013.**

- **Mining and stockpiling of the first ore from Oyu Tolgoi's phase-one open-pit mine began in late April 2012 as pre-stripping of the open pit progressed ahead of schedule during the first quarter.**

- **Arrangements are proceeding to ensure that electrical power from China will be available for the start of initial production. In early March 2012, Chinese contractors began construction of the power line and switching station as part of the 87-kilometre, 220-kilovolt power transmission line to be built from the electrical distribution grid in Inner Mongolia, China, to the Mongolia-China border. Stringing of transmission cables along the 95-kilometre section of the power line from the Oyu Tolgoi mine site to the Mongolia-China border began in April 2012. It is currently anticipated that the physical construction of all transmission infrastructure necessary to import power from China will be completed by July 2012.**

- **Installation of the two ore-processing production lines in the concentrator and pre-commissioning works are progressing on track. The concentrator, which will have an initial capacity of 100,000 tonnes of ore per day, was 84.7% complete at the end of Q1'12, ahead of the planned completion of 83.6%.**

- **Construction of Shaft #2 at the Hugo North underground mine is progressing well. The headframe has now reached a height of 78.5 metres above surface approaching its planned final height of 97 metres. Shaft-sinking activities began in December 2011 and the bottom had reached 224 metres below surface on May 12, 2012.**

- **Long-term sales contracts have been signed on a substantial portion of Oyu Tolgoi's total concentrate production. Most of the concentrate initially produced at Oyu Tolgoi is expected to be delivered to customers in China.**

- **On April 18, 2012, Ivanhoe Mines announced that the Company had signed a binding memorandum of agreement, subject to certain terms and conditions, with majority shareholder Rio Tinto that established Rio Tinto's support for a series of funding measures expected to cover the projected capital requirements for Ivanhoe Mines' flagship Oyu Tolgoi Project in southern Mongolia for the next several years.**

- **The funding measures are expected to be sufficient to complete both the phase-one and phase-two development programs at Oyu Tolgoi, delivering a 160,000-tonne-per-day concentrator fed from an open-pit mine and an underground mine and operating on power generated by a dedicated power station within Mongolia. Highlights of the comprehensive financing plan include:**
    - **Rio Tinto will provide an additional bridge-funding facility of up to $1.5 billion to help ensure uninterrupted progress on the completion of construction of the first phase of Oyu Tolgoi's development.**
    - **Rio Tinto will support an Ivanhoe Mines equity financing with a goal of $1.8 billion in gross proceeds, subject to certain terms and conditions.**
    - **Rio Tinto will provide full support for completion of an Oyu Tolgoi project-finance package of $3 to $4 billion to be provided by third-party lenders.**
    - **A member of the Rio Tinto Group will enter into a completion support agreement with Ivanhoe Mines and the project-finance lenders to cover the Oyu Tolgoi project-finance package now under negotiation, subject to lenders responding with improvements to the terms of the Oyu Tolgoi project financing.**

- **The Company and Rio Tinto are currently engaged in discussions with respect to certain existing terms of the memorandum of agreement, including the standby commitment and the Series D warrants with a view to amending certain terms to address conditions of regulatory approval and to more closely align the terms of the proposed equity financing with current market conditions.**

- **In paving the way for Oyu Tolgoi's transition to a producing mine, Ivanhoe Mines and Rio Tinto reached amicable agreement on the following corporate governance and management changes:**
    - **The Ivanhoe Mines board presently consists of nine members, including four new directors nominated by Rio Tinto and appointed on May 7, 2012 – Jill Gardiner, Peter Gillin, Isabelle Hudon and David Klingner – and Livia Mahler, who was reappointed as a director on May 10, 2012, as one of Robert Friedland's two nominees. They joined existing directors Andrew Harding, Dan Larsen, Kay Priestly and Peter Meredith, Mr. Friedland's other nominee. David Klingner was appointed as the Chairman of the Board on May 10, 2012. A further four directors will be nominated by Rio Tinto for appointment at the 2012 Annual General Meeting.**
    - **Seven directors – Marc Faber, Edward Flood, Robert Friedland, David Korbin, Livia Mahler, Tracy Stevenson and Dan Westbrook – resigned from the Ivanhoe Mines board on April 17, 2012. Three directors – Michael Gordon, David Huberman and Bob Holland – resigned from the Ivanhoe Mines board on May 7, 2012.**
    - **A majority of the new Ivanhoe Mines board will be independent directors until at least the earlier of January 18, 2014, or the date on which Ivanhoe Mines ceases to be a reporting issuer under Canadian securities laws. Two directors, at least one an independent, will be nominated by Mr. Friedland until January 18, 2014, as long as he continues to own at least 10% of Ivanhoe Mines' outstanding shares.**
    - **A new Ivanhoe Mines senior management team was appointed on May 1, 2012. It includes Kay Priestly as Chief Executive Officer (CEO), Chris Bateman as Chief Financial Officer (CFO), Brett Salt as Senior Vice President, Strategy and Development, Stewart Beckman as Senior Vice President, Operations and Technical Development and Neville Henwood as Senior Vice President, Legal. The new appointees replace former**

CEO Robert Friedland, former CFO Tony Giardini, former President John Macken, former Deputy Chairman Peter Meredith and former Executive Vice President Sam Riggall, all of whom resigned on April 17, 2012, as part of the agreement between Ivanhoe Mines and Rio Tinto.

- **During Q1'12, Ivanhoe Mines' 57.6%-owned subsidiary, SouthGobi Resources Ltd. (SouthGobi) (SGQ: TSX; 1878: HK), had sales of approximately 0.84 million tonnes of coal at an average realized selling price of $56.79 per tonne. Revenue increased from $20.2 million in Q1'11 to $40.2 million in Q1'12 due to the increased sales volumes and higher average realized selling prices.**

- **On April 1, 2012, Ivanhoe Mines received notice that Aluminum Corporation of China Ltd. (Chalco) intends to make a proportional takeover bid for up to 60%, but not less than 56%, of the common shares of SouthGobi Resources at C$8.48 per share. Ivanhoe Mines entered into a lock-up agreement with Chalco and has agreed to tender all of its SouthGobi shares, on a pro-rata basis, to Chalco. The proportional offer by Chalco is subject to all statutory and regulatory approvals.**

- **On March 8, 2012, Ivanhoe Mines' 58.9%-owned subsidiary, Ivanhoe Australia Limited (Ivanhoe Australia) (IVA: ASX & TSX), began initial production of copper and gold at its Osborne mine, in northwestern Queensland. Milling rates ramped up to target levels of up to 5,200 tonnes of ore per day in March 2012.**

- **Ivanhoe Mines, through its 50% interest in Altynalmas Gold Ltd. (Altynalmas Gold), is advancing the Kyzyl Gold Project in Kazakhstan. On February 27, 2012, Ivanhoe Mines and Altynalmas released the results of an independent feasibility study.**

- **Ivanhoe Mines' cash position on a consolidated basis at March 31, 2012, was $895.1 million. As at May 15, 2012, Ivanhoe Mines' consolidated cash position was approximately $750 million.**

OYU TOLGOI COPPER-GOLD PROJECT (66% owned)

Construction of the Oyu Tolgoi copper-gold complex is advancing toward its planned start–up in the second half of 2012 and commercial production in the first half of 2013

The Oyu Tolgoi Project initially is being developed as an open-pit operation, with the first phase of mining now underway at the near-surface Southern Oyu deposits. A copper concentrator plant, with related facilities and necessary infrastructure to support an initial throughput of 100,000 tonnes of ore per day, is being constructed to process ore mined from the Southern Oyu open pit. Initial production of copper-gold-silver concentrate is expected in the second half of 2012 and commercial production is projected to begin in the first half of 2013.

In conjunction with the surface activities, an 85,000-tonne-per-day underground block-cave mine also is being developed at the Hugo North Deposit. The throughput capacity of the concentrator plant is expected to be expanded to 160,000 tonnes of ore per day to process available ore from both the open pit and underground mines. The underground mine is scheduled to commence operations in 2016 and the concentrator expansion will need to be in place by 2018 to meet the increasing tonnage available from underground production.

Progress continuing to be made on supply of interim electrical power

The long-term Investment Agreement for the development and operation of Oyu Tolgoi, signed by Ivanhoe Mines, Rio Tinto and the Government of Mongolia on October 6, 2009, recognized that the reliable supply of electrical power is critical to the project. The agreement also confirmed that Ivanhoe Mines has the right to obtain electrical power from inside or outside Mongolia, including China, to meet its initial electrical power requirements for up to four years after Oyu Tolgoi begins commercial production. The agreement established that a) Ivanhoe Mines has the right to build or sub-contract construction of a coal-fired power plant at an appropriate site in Mongolia's South Gobi Region to supply Oyu Tolgoi; and b) all of the project's power requirements would be sourced from within Mongolia no later than four years after the start of commercial production.

Oyu Tolgoi LLC is proceeding with arrangements to ensure that electrical power from China will be available for the start of initial production that is expected in the second half of 2012. In early March 2012, Chinese contractors began construction of the power line and switching station as part of the 87-kilometre, 220-kilovolt power transmission line to be built from the electrical distribution grid in Inner Mongolia, China, to the China-Mongolia border. The construction of the transmission towers along the 95-kilometre section of the power line from the Oyu Tolgoi mine site to the Mongolia-China border was completed in October 2011. It is currently anticipated that the physical construction of all transmission infrastructure necessary to import power from China will be completed by July 2012.

A separate power-purchase agreement establishing a supply arrangement between Mongolian and Chinese authorities is required before Chinese electrical power can be imported into Mongolia. Oyu Tolgoi LLC will be a party to any agreement for the purchase and supply of electrical power.

Subject to negotiations and final agreement, commercial arrangements and power-purchase tariffs are expected to be expedited to ensure that imported power will be available at the Oyu Tolgoi Project site in Q3'12. In the meantime, additional diesel-powered generating capacity has been installed to meet the project's more immediate requirements during the remaining phases of construction. If those negotiations are not able to be successfully concluded, and the establishment of a dedicated power plant is required for the early production at Oyu Tolgoi, that would adversely affect the project's ability to achieve the planned start of commercial production in 2013.

In November 2011, the Government of Mongolia provided Oyu Tolgoi LLC with a cabinet resolution allowing for the future construction by Oyu Tolgoi LLC of a dedicated coal-fired power plant in Mongolia. Such a plant requires certain Government of Mongolia permits and the negotiation of commercial agreements with the Government of Mongolia and coal suppliers. Although construction of a dedicated coal-fired power plant in Mongolia was expected as part of the Oyu Tolgoi Project's future development, the current phase-one budget does not contain a provision for the plant. However, the recent comprehensive financing plan developed by the Ivanhoe Mines board and Rio Tinto provides for the financial capacity to undertake such a project.

In April 2012, the Oyu Tolgoi LLC Board of Directors acknowledged and supported the construction of a dedicated coal-fired power plant at the Oyu Tolgoi Project site, subject to the receipt of all of the necessary approvals from the Government of Mongolia. The Oyu Tolgoi LLC Board of Directors also approved an increase in the 2012 budget of $52 million for early works to be undertaken in mid-2012 for the dedicated coal-fired power plant.

The increase in the 2012 budget of $52 million for early works was also approved in April 2012 by the Ivanhoe Mines Board of Directors. In the coming months, the Ivanhoe Mines board is expected to consider for approval the budget for the construction of the coal-fired power plant.

Overall phase-one construction of the Oyu Tolgoi Project 77.8% complete at the end of Q1'12

Overall construction of Oyu Tolgoi's first phase of development reached 77.8% completion at the end of Q1'12 and had advanced to 82.2% completion at the end of April 2012. Total capital invested in the construction of the first phase of the Oyu Tolgoi Project to the end of Q1'12 was approximately $4.6 billion.

Among major updates for Q1'12 and plans for Q2'12:

- Pre-stripping of overburden continued in Q1'12 as part of the construction of the phase-one open-pit mine to recover ore from the Southern Oyu deposits. Pre-stripping has progressed ahead of schedule and the mining and stockpiling of the first open-pit ore began in April 2012. Pre-commissioning of the primary crusher, overland conveyor and coarse-ore stockpile circuits are progressing on schedule.
- Construction of the concentrator, which will have an initial capacity of 100,000 tonnes per day, was 84.7% complete at the end of Q1'12, ahead of the planned completion of 83.6%.
- Line #1 of the concentrator is on track to be completed and pre-commissioned by August 15, 2012. Line #2 is on track to be completed and pre-commissioned by October 31, 2012. Commissioning of the concentrator with ore will depend on the availability of electrical power from China.
- Underground lateral development at the Hugo North Deposit was suspended in February 2012 as planned to enable the upgrading of hoisting equipment at Shaft #1, which is expected to continue until August 2012. Underground lateral development is scheduled to resume in September 2012.
- Construction of Shaft #2 at the Hugo North Deposit is progressing well and the headframe has now reached a height of 78.5 metres above surface. The final height of the shaft will be 97 metres. The headframe and ancillary buildings were 87.4% complete at the end of Q1'12 and ahead of schedule. Shaft-sinking activities began in December 2011 and the bottom had reached 224 metres below surface on May 12, 2012.
- Construction of off-site facilities and infrastructure reached 72.4% completion at the end of Q1'12, which was behind the planned rate of 83.2%. The cumulative shortfall was due to delays during the building of the Oyu Tolgoi-Gashuun Sukhait road to the Mongolia-China border and the Khanbumbat permanent airport, near Oyu Tolgoi, and the prior deferral of the stringing of transmission cables on the power line to the Mongolia-China border until spring 2012. The road and airport contractors remobilized in March 2012 and work is progressing. Facilities required for the production of first ore are on schedule.
- Long-term sales contracts have been signed on a substantial portion of Oyu Tolgoi's total concentrate production. Most of the concentrate initially produced at Oyu Tolgoi is expected to be delivered to customers in China.

Phase-one construction budget

The scope of work for the phase-one project is to bring the initial, 100,000-tonne-per-day concentrator into production, with the required infrastructure and operational team to begin commercial production in the first half of 2013. The phase-one project also includes underground lateral development until June 2012 and the completion of Shaft #2, which are essential to the continued development of the high-value underground mine at Oyu Tolgoi. The phase-one control budget was $5.998 billion and had no provision for foreign-exchange variances; as of the end of Q1'12, the calculated, actual foreign-exchange exposure was approximately $100 million. The forecast total foreign-exchange exposure on phase-one is in the range of $170 million to $200 million. With approved scope changes of $40.5 million to date, the phase-one current budget is $6.039 billion.

A Definitive Forecast Final Cost was completed in March 2012 and indicated that the final cost for the phase-one capital project would be approximately $6.2 billion, or 2.7% over budget, excluding foreign-exchange exposures but including $90 million in project contingencies to mitigate the remaining risks on the project.

Pre-stripping of open-pit mine continuing

Pre-stripping of overburden to gain access to ore in the phase-one open-pit mine continued in Q1'12. Deliveries, assembly and commissioning of heavy mobile equipment are ongoing and all operational-readiness activities are on schedule. The full fleet of 28 trucks is expected to be in operation in August 2012.

During Q1'12, a total of 16.0 million tonnes of overburden had been moved, approximately 75,000 metres had been drilled and more than 2,300 tonnes of explosives had been used in blasting. Mining activities continued to focus on phase-one development and infrastructure requirements, including the run-of-mine (ROM) pad, low-grade-ore stockpile pad and road development.

Underground development of Hugo North Mine proceeding on schedule

The development of the first lift of the phase-two underground block-cave mine at the Hugo North Deposit continued successfully during Q1'12. Lateral mine development 1,300 metres below surface at Hugo North advanced a total of 10,914 metres since tunnelling started in 2008 until February 2012. Underground lateral development was suspended in February 2012 as planned to permit the upgrading of hoisting equipment at Shaft #1, which is expected to continue until August 2012. Underground lateral development is scheduled to resume in September 2012.

The underground development from Shaft #1 is expected to connect with the bottom of Shaft #2 in 2013 to enable the installation of the ore-handling system and production from the first lift of the Hugo North block-cave mine.

Work to establish the first and second ventilation raise holes to provide a flow of fresh air from surface to the underground workings will continue from surface while Shaft #1 is being upgraded.

Ivanhoe Mines drawing down on Rio Tinto interim funding facility

In December 2010, Rio Tinto committed to provide Ivanhoe Mines with an initial, non-revolving, interim funding facility of $1.8 billion to assist in sustaining Oyu Tolgoi construction during the negotiation of a project-finance package. The interim funding facility is required to be repaid with funds to be provided under the project-finance package. The interim facility is on arm's-length terms, with funds to be advanced to the project on a month-to-month basis, if and when required.

In December 2011, Ivanhoe Mines made its first draw on the facility. A total of $1.1 billion had been drawn down by March 31, 2012, which increased to $1.4 billion as at May 15, 2012.

Rio Tinto and Ivanhoe Mines working to complete international project finance package

Ivanhoe Mines has been negotiating project financing with a consortium of national and international institutions and banks since 2010. Under their April 2012 memorandum of agreement, Ivanhoe Mines and Rio Tinto agreed that the negotiating team for the $3 to $4 billion Oyu Tolgoi project-finance package will be comprised of Ivanhoe Mines personnel selected by the Ivanhoe Mines CEO and Board and designated Rio Tinto resources as determined by the Rio Tinto Treasurer. In addition, it was agreed that the Rio Tinto Treasurer has the exclusive authority to direct all aspects of the negotiation of the day-to-day management of the Oyu Tolgoi project financing.

Since the signing of the memorandum of agreement, the project-finance team has been focused on transitioning control of the project-finance process to Rio Tinto. This includes developing the way forward on overall process and governance, the financing plan and the term sheet. It is the goal of Ivanhoe Mines and Rio Tinto to have the Oyu Tolgoi project financing in place by December 31, 2012.

A member of the Rio Tinto Group will enter into a completion support agreement with Ivanhoe Mines and the project-finance lenders, subject to lenders responding with improvements to the terms of the Oyu Tolgoi project financing, to cover the Oyu Tolgoi project-finance package now under negotiation. This measure is expected to provide significantly greater certainty that funds will be received. In exchange, Ivanhoe Mines will pay Rio Tinto an annual fee of 2.5%, in advance, on the amount of debt that is projected as the aggregate average of the debt that will be outstanding under the project financing at the end of each calendar month during the ensuing 12-month period.

Rio Tinto may choose to advance senior loans to Oyu Tolgoi LLC as an alternative to, or in addition to, the project-finance package, on terms no less favourable than those available through the international financial institutions or commercial banks.

Skills training programs preparing Mongolians for jobs

The Oyu Tolgoi Project's staffing strategy for the start of initial production in the second half of 2012 continues to rely heavily on the utilization of Mongolian men and women whose skills are being developed and who are receiving training throughout the construction phase. As of the end of March 2012, the Oyu Tolgoi Project was providing jobs for 9,054 Mongolians, including more than 7,150 Mongolians who were working for 72 Oyu Tolgoi contractors. A further 372 trainees are enrolled at four selected Mongolian technical and vocational education training schools and in apprenticeship training with two major vendors, Transwest and Wagner Asia, and an additional 3,300 Mongolians are participating in a special government employee-training program, funded by Oyu Tolgoi, which is adding to Mongolia's overall skills-development pool.

2012 Integrated Development and Operations Plan (IDOP) Technical Report released

The Company released the 2012 IDOP Technical report in March 2012, updating the Company's Integrated Development Plan issued in May 2010 (IDP10).

The 2012 IDOP Technical Report is an update of the Oyu Tolgoi Reserve Case that was contained in the IDP10 report. The 2012 IDOP Technical Report is based on a pre-feasibility-quality-level study complying with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects and the United States SEC Industry Guide 7 requirements for reporting Mineral Reserves.

The 2012 IDOP Technical Report was prepared for Ivanhoe Mines by AMC Consultants Pty. Ltd. in March 2012, based on the technical, production and cost information contained in the Oyu Tolgoi LLC study titled, Integrated Development and Operations Plan (IDOP). The IDOP was completed by the Rio Tinto-appointed management of Oyu Tolgoi LLC in March 2011 as the basis for the Oyu Tolgoi project-finance package currently under negotiation.

The IDOP Technical Report represents the views of the Oyu Tolgoi Project by the Company and by AMC Consultants Pty. Ltd., and not the views of the Rio Tinto-appointed management of Oyu Tolgoi LLC or Rio Tinto.

The next phase in the project planning process after IDOP is the preparation of a Detailed Integrated Development and Operating Plan (DIDOP) by Oyu Tolgoi LLC. The DIDOP will integrate a number of detailed capital expansion studies into an overall project report. The key additional work to be assessed in the DIDOP includes: the phase-two project expansion, infrastructure, power supply, water permitting, concentrate marketing, the underground feasibility study, and further work on the mine closure and reclamation plan.

Highlights of the 2012 IDOP Technical Report:

- The phase-one project economics have a net present value of $11.4 billion, using an 8% discount rate and assuming long-term metals prices of $2.85 per pound of copper, $1,200 per ounce of gold and $16.60 per ounce of silver.
- Estimated operating costs are $0.65/lb of copper in the first 10 years and $0.81/lb of copper for the reserve case's 27-year mine life, net of by-product credits.
- The expected phase-two expansion includes a significant change in scope that has occurred in the underground development schedule.
    - The current scope now incorporates underground development through to 2019, when underground production would reach a projected rate of 54,000 tonnes per day. The previously projected rate was 34,000 tonnes per day of production by 2017.
    - Phase-two costs now include all government fees and taxes (previously allocated as sustaining capital).

Development diamond drilling Q1'12

During Q1'12, Oyu Tolgoi LLC completed a total of 7,459 metres of development drilling. Surface development drilling totalled 1,865 metres for Q1'12, including characterization drilling for Shaft #5 and the pilot hole for Vent Raise #3. Surface-resource definition infill drilling in the Hugo North initial cave area continued with 4,043 metres completed.

A total of 1,551 metres of underground geotechnical drilling was completed at the Hugo North Deposit before the rigs were removed in February 2012 for the planned temporary shutdown of Shaft #1.

Exploration drilling continued in Q1'12

In Q1'12, Ivanhoe Mines incurred exploration expenses of $13.8 million at Oyu Tolgoi, compared to $5.1 million incurred in Q1'11.

Ivanhoe Mines continued its exploration drilling program on the Oyu Tolgoi Project during Q1'12, completing 9,300 metres of surface exploration diamond drilling, including 5,412 metres of diamond drilling on the Oyu Tolgoi mining licence and 3,888 metres on Entrée Gold's Javkhlant mining licence.

Five exploration drill rigs are in operation, including rigs that are delineating an initial resource for the Heruga North Deposit, a 2.5-kilometre, mineralized extension of the Heruga Deposit that extends northward to the Southern Oyu deposits. Drilling in Q1'12 focused on the southern one-kilometre-long section of this zone, where the deposit is closer to surface.

Q1'12 drilling also was conducted on two adjacent sections that will fill in the gap between the Heruga resource and Heruga North, and possibly add to the inferred resource. Testing the eastern flank of the Heruga and Heruga North Deposits, are in progress.Further drilling was conducted on the Javkhlant mining license at the south western end of the Oyu Tolgoi mineralization trend.

Prior to the signing of the memorandum of agreement in April 2012, Ivanhoe Mines conducted certain exploration activities at the Oyu Tolgoi Project. As part of the agreement, all rights and responsibilities for conducting exploration activities for the Oyu Tolgoi Project now are held by the Rio Tinto affiliate that manages the Oyu Tolgoi Project.

SOUTHGOBI RESOURCES (57.6% owned)

Chalco announced its intention to make a proportional bid for up to 60% of SouthGobi

On April 1, 2012, Ivanhoe Mines received notice that Aluminum Corporation of China Ltd. (Chalco) intends to make a proportional takeover bid for up to 60%, but not less than 56%, of the common shares of SouthGobi at C$8.48 per share. Ivanhoe Mines currently owns 104,807,155 shares of SouthGobi, representing approximately 57.6% of SouthGobi's issued and outstanding shares. Ivanhoe Mines has entered into a lock-up agreement with Chalco and has agreed to tender all of its SouthGobi shares, on a pro-rata basis, to Chalco.

Depending upon the uptake of the offer by other SouthGobi shareholders, Ivanhoe Mines could receive up to approximately C$889 million ($886 million) from the sale of all of its shares in SouthGobi. A sale of 60% of its current holding would realize proceeds of approximately C$533 million ($532 million). Ivanhoe Mines plans to use the proceeds from the sale of its shares in SouthGobi primarily to fund the continued development of the Oyu Tolgoi Project.

The offer price for SouthGobi's shares represented a 28% premium over the closing price on the TSX of C$6.62 on March 30, 2012, and a 32% premium over the volume-weighted average price on the TSX of C$6.41 during the 10 trading days prior to April 1, 2012.

The proportional offer from Chalco will be made by way of a takeover-bid circular under British Columbia law and will be made to all SouthGobi shareholders. If individual shareholders elect to tender more than 60% of their common shares of SouthGobi to the takeover bid – and if Chalco receives less than 60% of the outstanding common shares of SouthGobi as a result of the offer – a proportional amount of shares will be taken up, on a pro rata basis, from each shareholder who has elected to tender those additional shares.

The proportional offer by Chalco is subject to all statutory and regulatory approvals, including Investment Canada Act and Competition Act approvals, Chinese regulatory approvals, regulatory approvals from the Government of Mongolia, as may be required, and Chalco shareholder approval. Chalco's bid also is subject to confirmation by China Investment Corporation, SouthGobi's second-largest shareholder, that it does not intend to exercise its right of first offer over Ivanhoe Mines' SouthGobi shares.

Sales and operations at SouthGobi's Ovoot Tolgoi coal mine

SouthGobi's Ovoot Tolgoi Mine is in Mongolia's South Gobi Region, approximately 40 kilometres north of the Shivee Khuren-Ceke crossing at the Mongolia-China border.

SouthGobi achieved sales of 0.84 million tonnes in Q1'12, an increase of 84% from of 0.45 million tonnes in Q1'11. SouthGobi recognized revenue of $40.2 million in Q1'12, an increase of 99% from $20.2 million in Q1'11 due to increased sales volumes and higher average realized selling prices. Sales volumes and revenue decreased from Q4'11 due to the extended closure of the Shivee Khuren border crossing for the Chinese New Year and Mongolian Tsagaan Sar public holidays.

SouthGobi's average realized selling price increased to a record $56.79 per tonne in Q1'12, an increase of 13% from the Q1'11 average realized selling price of $50.29.

In Q1'12, SouthGobi produced 1.07 million tonnes of raw coal with a strip ratio of 2.07, compared to production of 1.11 million tonnes of raw coal in Q1'11 with a strip ratio of 3.47. The lower strip ratio for Q1'12 is a function of the mine plan and will be normalized over the life-of-mine.

Cost of sales was $30.4 million for Q1'12, compared to $20.3 million for Q1'11. Cost of sales comprise the direct cash costs of product sold, mine administration cash costs of product sold, equipment depreciation, depletion of mineral properties, share-based compensation and inventory write-downs, if any. Cost of sales increased in Q1'12 compared to Q1'11 due to higher sales volumes, which were partially offset by lower unit costs.

On February 13, 2012, SouthGobi successfully commissioned the dry-coal handling facility (DCHF) at the Ovoot Tolgoi Mine. The DCHF has the capacity to process nine million tonnes of ROM coal per year. The facility includes a 300-tonne-capacity dump hopper, which receives ROM coal to feed a rotary breaker, and screens that size coal to a maximum of 50 millimetres and reject oversize ash. The DCHF will be upgraded during 2012 to include dry-air separation, as well as covered load-out conveyors with fan stackers to transfer processed coals to stockpiles that will enable more efficient blending.

Potential suspension of licences

On April 16, 2012, SouthGobi announced that the Mineral Resources Authority of Mongolia (MRAM) held a news conference announcing a request to suspend exploration and mining activity on licences owned by SouthGobi Sands LLC, a wholly-owned subsidiary of SouthGobi. As at May 15, 2012, SouthGobi had not received any official notification from MRAM and Ivanhoe Mines has no reason to believe SouthGobi's licences were not in good standing. However, Ivanhoe Mines cautions at this time that receipt of any such official notification would require a suspension of operations.

IVANHOE AUSTRALIA (58.9% owned)

Ivanhoe Australia is continuing to make progress on its four main projects, achieving a significant milestone during Q1'12 with the start of production of copper-gold concentrate at the Osborne processing complex in northwestern Queensland. The other three projects – the Merlin molybdenum and rhenium project, the Mount Elliott copper-gold project and the Mount Dore cathode copper project – are in various stages of development and study. All the projects are on granted mining leases.

During Q1'12, work focused on beginning production from the Osborne processing complex and completing the Merlin feasibility study and Mount Elliott scoping study. The Mount Elliott Preliminary Economic Assessment, a NI 43-101-compliant report, was filed on www.sedar.com in May 2012.

Ivanhoe Australia incurred expenses of $47.6 million in Q1'12, compared to $30.4 million in Q1'11. The $17.2 million increase was a combination of development expenditures on the Merlin decline, production expenditures on the Osborne copper-gold project and exploration expenditures.

Osborne Copper-Gold Project

The start of production at the Osborne complex was an important strategic step for Ivanhoe Australia, elevating the company to the status of a producer. The Osborne Copper-Gold Study (Preliminary Economic Assessment, a Canadian NI 43-101-compliant technical report), released in October 2011, evaluated mill-feed sources only for an initial four-year period. Mill-feed included in the initial mine plan is to be sourced from the Osborne and Kulthor underground mines, the Osborne open-pit and the Starra 276 underground mine. Ivanhoe Australia is targeting a mine life of approximately 15 to 20 years, with a number of prospects identified as potential ore sources across Ivanhoe Australia's Cloncurry tenements.

Processing operations began in early March 2012. All processing plant components and systems were tested and commissioned with no significant issues. Commissioning has proceeded well, with milling rates achieving target levels and recoveries and copper concentrate grades steadily improving to target rates. Production during March 2012 achieved throughput rates of up to 5,200 tonnes per day.

Production ramp-up is on target to achieve mill throughput for 2012 of between 700,000 and 900,000 tonnes of ore.

Merlin Molybdenum and Rhenium Project

The phase-one decline development at the Merlin Project was completed on time and on budget in January 2012. At completion, the north decline face had progressed to 1,682 metres while the south decline progressed to 531 metres. Phase-two decline development is expected to recommence following project approval from Ivanhoe Australia's Board.

Regional exploration

Ivanhoe Australia has 43 granted Exploration Permits for Minerals (EPMs) covering a total of 4,687 square kilometres, including joint ventures, and 14 EPM applications with a total area of 2,115 square kilometres. The granted EPMs include 12 EPMs in the Ivanhoe Australia/Exco joint venture (525 square kilometres) and one EPM in the Goldminco/Ivanhoe (Osborne) joint venture (16 square kilometres).

Exploration in Q1'12 focused on copper-gold targets around the Osborne area and Houdini and exploration targets along the Mount Dore-Mount Elliott Trend and Starra Line.

Strategic partnership process

In January 2012, Ivanhoe Australia engaged UBS Investment Bank to assist in securing a strategic corporate partner to provide funding for the development of its projects. The strategic partnership process is progressing. Indicative, non-binding proposals have been received from several international parties.

KYZYL GOLD PROJECT (50% owned)

Altynalmas Gold, a private company, holds 100% ownership of the Kyzyl Gold Project in northeastern Kazakhstan. The Kyzyl Gold Project contains the Bakyrchik and Bolshevik gold deposits, as well as a number of satellite deposits.

Exploration continuing; 34,000 metres of drilling planned for 2012

Drilling activities re-commenced at the Kyzyl Gold Project on March 15, 2012. A total of 3,385 metres were drilled during March 2012, all on Bakyrchik Exploration Licence No. 27. Exploration drilling in 2012 is budgeted to total 34,000 metres.

Completion of a NI 43-101 Technical Report

On February 27, 2012, Ivanhoe Mines and Altynalmas released the results of an independent feasibility study of the Kyzyl Gold Project. Roscoe Postle Associates completed an independent, NI 43-101-compliant technical report on the Kyzyl Gold Project based on a feasibility-study-level report completed by Fluor Canada and subsequent optimization studies undertaken by Hatch Mining and Metals Canada.

The project encompasses the re-development of the Bakyrchik underground mine, the construction of a new processing plant incorporating fluidized-bed ore-roasting technology, and supporting mine infrastructure.

UPDATE OF DEVELOPMENTS WITH RIO TINTO

Rio Tinto's stake in Ivanhoe Mines increased to 51.0% in January 2012

On January 24, 2012, Rio Tinto announced that it had increased its stake in Ivanhoe Mines to 51.0% from 49.0%, by purchasing an additional 15.1 million common shares of Ivanhoe Mines from two sellers in a privately negotiated transaction. The shares were purchased at a price of C$20.00 per share.

Rio Tinto had been restricted to a 49.0% ownership stake in Ivanhoe Mines until January 18, 2012, under the December 2010 Heads of Agreement between the two companies.

Ivanhoe Mines and Rio Tinto signed an agreement to ensure funding through to commercial production and additional expansion at Oyu Tolgoi

On April 18, 2012, Ivanhoe Mines announced that the Company had signed a binding memorandum of agreement, subject to certain terms and conditions, with majority shareholder Rio Tinto that established Rio Tinto's support for a series of funding measures expected to cover the projected capital requirements for the Oyu Tolgoi Project for the next several years.

The funding measures are expected to be sufficient to complete both the phase-one and phase-two development programs at Oyu Tolgoi, delivering a 160,000-tonne-per-day concentrator fed from an open-pit mine and an underground mine and operating on electrical power generated by a dedicated power station within Mongolia.

The agreement, negotiated by a committee of Ivanhoe Mines' independent directors, contained a comprehensive financing plan structured to secure Rio Tinto's direct participation in, and support for, funding for planned developments at Oyu Tolgoi.

Rio Tinto's commitments will support:

- The scheduled start of initial production from the open-pit mine during the second half of this year.
- The ramp-up to commercial production during the first half of 2013 as part of Oyu Tolgoi's first phase of development. Phase-one work includes operation of the open-pit mine and a 100,000-tonne-per-day nameplate-capacity concentrator, infrastructure and a $900 million investment in underground development at the Hugo North Deposit in preparation for phase-two production.
- The construction of a dedicated, coal-fired electrical power plant in Mongolia. The Oyu Tolgoi Investment Agreement requires the project to source all of its power requirements from within Mongolia within four years of the start of commercial production. The project plans to use power imported from China during its initial years of operation.

- Continuing development of Oyu Tolgoi's second phase, including expansion of the concentrator's nameplate capacity to 160,000 tonnes per day and a start of production of high-grade ore from the Hugo Dummett underground block-cave mine in 2016 – which is forecast to increase to 54,000 tonnes per day by 2019, with subsequent increases to full production of 85,000 tonnes per day.

Rio Tinto is committed to the following steps:

- Rio Tinto will provide an additional bridge-funding facility of up to $1.5 billion to help ensure uninterrupted progress on the completion of construction of the first phase of Oyu Tolgoi's development. As part of an earlier funding agreement in December 2010, Rio Tinto provided an interim funding facility of $1.8 billion, which Ivanhoe Mines has drawn down by approximately $1.4 billion as at May 15, 2012. Ivanhoe Mines is required to repay the interim funding facility and the bridge-funding facility from the proceeds of the planned Oyu Tolgoi project-finance package of $3 to $4 billion.
- Rio Tinto will support the Ivanhoe Mines equity financing, with a goal of generating $1.8 billion in gross proceeds, subject to certain terms and conditions.
- Rio Tinto will provide full support for completion of an Oyu Tolgoi project-finance package of $3 to $4 billion that remains under negotiation with third-party lenders. The package is the core component of the new comprehensive financing plan. Ivanhoe Mines has been negotiating project financing with a consortium of national and international institutions and banks since 2010. Ivanhoe Mines and Rio Tinto have set a goal of completing a project-finance arrangement by the end of 2012. Rio Tinto may choose to advance senior loans to Oyu Tolgoi LLC as an alternative to, or in addition to, the project-finance package, on terms no less favourable than those available through the international financial institutions or commercial banks.
- A member of the Rio Tinto Group will enter into a completion support agreement with Ivanhoe Mines and the project-finance lenders to cover the Oyu Tolgoi project-finance package now under negotiation, subject to lenders responding with improvements to the terms of the Oyu Tolgoi project financing. This measure is expected to provide significantly greater certainty that funds will be received. In exchange, Ivanhoe Mines will pay Rio Tinto an annual fee of 2.5%, in advance, on the amount of debt that is projected as the aggregate average of the debt that will be outstanding under the project financing at the end of each calendar month during the ensuing 12-month period.

In conjunction with the equity financing and the overall package of extending interim lines of credit and completion guarantees of support, Ivanhoe Mines has agreed to issue, subject to regulatory approval, 55 million Series D share-purchase warrants to Rio Tinto. Each warrant would be exercisable to purchase one Ivanhoe Mines share at $12.79 at any time during a three-year period. The exercise price of the warrants was based on the volume-weighted average price of the Ivanhoe Mines shares on the New York Stock Exchange on the five trading days preceding the date of the companies' memorandum of agreement.

The Company and Rio Tinto are currently engaged in discussions with respect to certain existing terms of the memorandum of agreement, including the standby commitment and the Series D warrants with a view to amending certain terms to address conditions of regulatory approval and to more closely align the terms of the proposed equity financing with current market conditions.

Transition included restructuring of the Ivanhoe Mines Board of Directors and appointment of a new senior management team

In paving the way for Oyu Tolgoi's transition to a producing mine, Ivanhoe Mines and Rio Tinto reached amicable agreement on the following corporate governance and management changes:

- The Ivanhoe Mines board presently consists of nine members, including four new directors nominated by Rio Tinto and appointed on May 7, 2012 – Jill Gardiner, Peter Gillin, Isabelle Hudon and David Klingner – and Livia Mahler, who was reappointed as a director on May 10, 2012, as one of Robert Friedland's two nominees. They joined existing directors Andrew Harding, Dan Larsen, Kay Priestly and Peter Meredith, Mr. Friedland's other nominee. David Klingner was appointed as the Chairman of the Board on May 10, 2012. A further four directors will be nominated by Rio Tinto for appointment at the 2012 Annual General Meeting.
- Seven directors – Marc Faber, Edward Flood, Robert Friedland, David Korbin, Livia Mahler, Tracy Stevenson and Dan Westbrook – resigned from the Ivanhoe Mines board on April 17, 2012. Three directors – Michael Gordon, David Huberman and Bob Holland – resigned from the Ivanhoe Mines board on May 7, 2012.
- A majority of the new Ivanhoe Mines board will be independent directors until at least the earlier of January 18, 2014, or the date on which Ivanhoe Mines ceases to be a reporting issuer under Canadian securities laws. Two directors, at least one an independent, will be nominated by Mr. Friedland until January 18, 2014, as long as he continues to own at least 10% of Ivanhoe Mines' outstanding shares.
- A new Ivanhoe Mines senior management team was appointed on May 1, 2012. It includes Kay Priestly as Chief Executive Officer (CEO), Chris Bateman as Chief Financial Officer (CFO), Brett Salt as Vice President, Strategy and Development, Stewart Beckman as Vice President, Operations and Technical Development, and Neville Henwood as Vice President, Legal. The new appointees replace former CEO Robert Friedland, former CFO Tony Giardini, former President John Macken, former Deputy Chairman Peter Meredith and former Executive Vice President Sam Riggall, all of whom resigned on April 17, 2012, as part of the agreement between Ivanhoe Mines and Rio Tinto.

NAME CHANGE

At the 2012 Annual General Meeting of Ivanhoe Mines shareholders, scheduled for June 28, 2012, the Company will propose, and recommend that shareholders approve, a resolution to change the Company's name from Ivanhoe Mines Ltd. to Turquoise Hill Resources Ltd. The record date for the 2012 Annual General Meeting is May 25, 2012.

REVIEW OF OPERATIONS

In Q1'12, Ivanhoe Mines recorded a net loss of $80.6 million ($0.11 per share), compared to a net loss of $492.5 million ($0.79 per share) in Q1'11, which was a decrease of $411.9 million. The decrease is largely due to the Q1'11 result including a $432.5 million change in fair value of the derivative realized on the 2011 rights offering. Results for Q1'12 included $76.8 million in exploration expenses; $30.4 million in cost of sales; $31.5 million in general and administrative expenses; $0.7 million in interest expense; a $0.8 million change in the fair value of SouthGobi's embedded derivatives; an $18.3 million share of loss of significantly influenced investees; and a $3.9 million write-down of carrying value of long-term investments. These amounts were offset by $40.2 million in coal revenue; $9.9 million in foreign exchange gains; an $8.9 million gain on other long-term investments; and $5.9 million in interest income.

Exploration expenses of $76.8 million in Q1'12 increased by $30.6 million from $46.2 million in Q1'11. Exploration expenses included $25.1 million spent in Mongolia ($13.5 million in Q1'11), primarily for Oyu Tolgoi and SouthGobi's Ovoot Tolgoi and Soumber deposits, and $47.6 million incurred by

Ivanhoe Australia ($30.4 million in Q1'11). Exploration costs are charged to operations in the period incurred and often represent the bulk of Ivanhoe Mines' operating loss for that period.

During Q1'12, additions to property, plant and equipment for the Oyu Tolgoi Project totalled $608.0 million, which included development costs.

Ivanhoe Mines' cash position, on a consolidated basis at March 31, 2012, was $895.1 million. As at May 15, 2012, Ivanhoe Mines' consolidated cash position was approximately $750 million.

QUALIFIED PERSON

Disclosure of a scientific or technical nature in this release and the Company's MD&A in respect of the Oyu Tolgoi Project was prepared under the supervision of Stephen Torr, P.Geo, an employee of Ivanhoe Mines and a "qualified person" as that term is defined in NI 43-101.

SELECTED QUARTERLY DATA

($ in millions of dollars, except per share information)

	Quarter Ended			
	Mar-31 2012	Dec-31 2011	Sep-30 2011	Jun-30 2011
Revenue	$40.2	$51.0	$60.5	$47.3
Cost of sales	(30.4)	(44.2)	(54.0)	(49.7)
Exploration expenses	(76.8)	(88.2)	(79.6)	(68.6)
General and administrative	(31.5)	(34.6)	(21.4)	(19.5)
Foreign exchange gains (losses)	9.9	13.3	(35.6)	2.3
Change in fair value of embedded derivatives	(0.8)	10.8	62.1	70.4
Gain on settlement of note receivable	-	-	103.0	-
Net income (loss) from continuing operations	(80.6)	(85.8)	16.4	0.6
Income (loss) from discontinued operations	-	-	(9.1)	-
Net income (loss)	(80.6)	(85.8)	7.3	0.6
Net income (loss) per share - basic				
Continuing operations	($0.11)	($0.05)	$0.02	$0.00
Discontinued operations	$0.00	$0.00	($0.01)	$0.00
Total	($0.11)	($0.05)	$0.01	$0.00
Net income (loss) per share - diluted				
Continuing operations	($0.11)	($0.05)	$0.02	$0.00
Discontinued operations	$0.00	$0.00	($0.01)	$0.00
Total	($0.11)	($0.05)	$0.01	$0.00

	Quarter Ended			
	Mar-31 2011	Dec-31 2010	Sep-30 2010	Jun-30 2010
Revenue	$20.2	$41.6	$6.6	$17.7
Cost of sales	(20.3)	(46.4)	(14.9)	(13.2)
Exploration expenses	(46.2)	(59.6)	(48.1)	(39.5)
General and administrative	(25.3)	(46.4)	(15.0)	(14.7)
Foreign exchange gains (losses)	3.2	6.6	5.3	(4.9)
Change in fair value of derivative	(432.5)	135.7	-	-
Change in fair value of embedded derivatives	(36.8)	(20.0)	49.8	72.2
Net income (loss) from continuing operations	(492.5)	37.3	(24.9)	(30.0)
Income (loss) from discontinued operations	-	-	-	-
Net income (loss)	(492.5)	37.3	(24.9)	(30.0)
Net income (loss) per share - basic				
Continuing operations	($0.79)	$0.07	($0.05)	($0.06)
Discontinued operations	$0.00	$0.00	$0.00	$0.00
Total	($0.79)	$0.07	($0.05)	($0.06)
Net income (loss) per share - diluted				
Continuing operations	($0.79)	$0.06	($0.05)	($0.06)
Discontinued operations	$0.00	$0.00	$0.00	$0.00
Total	($0.79)	$0.06	($0.05)	($0.06)

Ivanhoe Mines' results for the three months ended March 31, 2012, are contained in the unaudited Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, available on SEDAR website at www.sedar.com and Ivanhoe Mines' website at www.ivanhoemines.com.

Ivanhoe Mines shares are listed on the Toronto, New York and NASDAQ stock exchanges under the symbol IVN.

About Ivanhoe Mines

Ivanhoe Mines (NYSE, NASDAQ & TSX: IVN) is an international mining company with operations focused in the Asia Pacific region. Assets include the company's 66% interest in the Oyu Tolgoi copper-gold-silver mine development project in southern Mongolia; a 58% interest in Mongolian coal miner SouthGobi Resources (TSX: SGQ; HK: 1878); a 59% interest in copper-gold miner Ivanhoe Australia (ASX, TSX: IVA), which also is developing a molybdenum-rhenium discovery; and a 50% interest in Altynalmas Gold, a private company developing the Kyzyl Gold Project in Kazakhstan.

Ivanhoe Mines' shares are listed on the New York, NASDAQ and Toronto stock exchanges under the symbol IVN.

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Forward-looking statements

Certain statements made herein, including statements relating to matters that are not historical facts and statements of Ivanhoe Mines' beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking information and statements are typically identified by words such as "anticipate," "could," "should," "expect," "seek," "may," "intend," "likely," "plan," "estimate," "will," "believe" and similar expressions suggesting future outcomes or statements regarding an outlook. These include, but are not limited to: statements respecting anticipated business activities; planned expenditures; corporate strategies; proposed acquisitions and dispositions of assets; discussions with third parties respecting material agreements; statements concerning the schedule for carrying out and completing construction of the Oyu Tolgoi Project; the statement that the memorandum of agreement is expected to cover the project capital requirements for the Oyu Tolgoi project for the next several years; the statement that the Company and Rio Tinto are currently engaged in discussions with respect to certain existing terms of the memorandum of agreement with a view to amending certain terms to address conditions of regulatory approval and to more closely align the terms of the proposed equity financing with current market conditions; the statement that initial production from the Oyu Tolgoi Project is projected to begin in the second half of 2012, with commercial production to follow in the first half of 2013; the statements concerning the expected timing of initial production from the Hugo North block-cave mine; statements related to the expansion of throughput capacity of the concentrator; statements regarding the timing of completion and pre-commissioning of Lines #1 and #2 of the concentrator; the statement that imported power is expected to be available at the Oyu Tolgoi site in the second half of 2012; the statements that the physical construction of all transmission infrastructure necessary to import power from China will be completed by July 2012; the statements regarding the plans to extend the electrical transmission power line from across the Mongolian border into the Inner Mongolian electrical grid; the statements concerning the timing and outcome of discussions between the Mongolian and Chinese authorities regarding importing electrical power from China; the schedule of receipt of permits, commercial arrangements and power-purchase tariffs from the Government of Mongolia; the statements concerning the approval, budget and timing of any construction of a coal-fired power plant at Oyu Tolgoi; statements concerning the resuming of underground lateral development in September 2012; statements relating to the Shaft # 1 and 2 development plans, along with the plans for the ventilation raise holes; statements concerning the expected markets for concentrate produced at the Oyu Tolgoi Project; statements related to the anticipated capital costs and the phase-one budget of the Oyu Tolgoi Project; statements concerning the revised expectations of the total phase-one budget to bring the Oyu Tolgoi Project into commercial production; statements regarding the timing of the full mining fleet at the Oyu Tolgoi Project being in operation; initial production estimates; the Oyu Tolgoi Project's anticipated yearly production of copper and gold; statements regarding the goal to have the Oyu Tolgoi Project financing be in place by December 31, 2012; statements related to the Rio Tinto having the ability to choose to advance senior loans to Oyu Tolgoi LLC as an alternative to project financing; statements concerning the preparation of DIDOP by Oyu Tolgoi LLC and its content and timing; statements concerning the amount of proceeds Ivanhoe Mines could receive from Chalco for the sale of its shares in SouthGobi; statements regarding SouthGobi's coal strip ratio being normalized over the life-of-mine; target milling rates, mining plans and production forecasts for the coal mine at Ovoot Tolgoi, the statements concerning SouthGobi's expected coal sales and prices in Q2'12 and related statements about border access; the statements concerning the dry coal handling facility enabling more efficient blending of coal; the statement that if official notification from MRAM is received regarding a suspension of activity on SouthGobi's licences that this would require a suspension of operations; the statements concerning the Ivanhoe Australia's need for additional funds to develop its projects; statements concerning the development and construction of the Merlin Project; statements concerning expected production throughput at the Osborne processing plant; statements concerning the planned drilling on the Bakyrchik Mining Lease and the surrounding exploration licence; the statement that if the comprehensive financing plan is not successfully implemented the Company may not have the ability to obtain alternate debt or equity financing which could have a material impact on the development schedule of the Oyu Tolgoi Project; the impact of amendments to the laws of Mongolia and other countries in which Ivanhoe Mines carries on business, particularly with respect to taxation; statements concerning foreign-exchange rate volatility; statements concerning global economic expectations and future demand for commodities; and the anticipated timing, cost and outcome of plans to continue the development of non-core projects, and other statements that are not historical facts.

All such forward-looking information and statements are based on certain assumptions and analyses made by Ivanhoe Mines' management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information or statements. Important factors that could cause actual results to differ from these forward-looking statements include those described under the heading "Risks and Uncertainties" elsewhere in the Company's MD&A. The reader is cautioned not to place undue reliance on forward-looking information or statements.

The MD&A also contains references to estimates of mineral reserves and mineral resources. The estimation of reserves and resources is inherently uncertain and involves subjective judgments about many relevant factors. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable. There can be no assurance that these estimates will be accurate or that such mineral reserves and mineral resources can be mined or processed profitably. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Except as required by law, the Company does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.