



October 3, 2011

## **Joint response from Ivanhoe Mines and Rio Tinto delivered to Mongolian Government and members of the National Security Council**

### **Ivanhoe Mines expects Oyu Tolgoi Investment Agreement to remain unchanged**

#### **STATEMENT**

Late last week Ivanhoe Mines and Rio Tinto received a letter from a representative of the Mongolian Cabinet inviting the companies to discuss potential changes to the Oyu Tolgoi Investment Agreement. The changes related to the conditions under which the Mongolian Government may negotiate with Ivanhoe Mines to acquire, on mutually agreed terms, an additional 16% interest in the project and the application of a sliding-scale royalty to the project.

In response to this letter, Ivanhoe Mines and Rio Tinto have formally advised the Mongolian government that the companies are not prepared to renegotiate the investment agreement.

In addition, the companies also have written to the individual members of Mongolia's peak political authority, the National Security Council, requesting its assistance to ensure the government's full and immediate support for the investment agreement. The National Security Council of Mongolia consists of the President, the Speaker of the Parliament and the Prime Minister.

Ivanhoe Mines expects that the parties will continue to honour and implement the terms of the agreement as previously negotiated and has asked the government to affirm its full support for the agreement.

The comprehensive, long-term investment agreement, which took full legal effect 18 months ago, was signed by senior representatives of the Mongolian government, Ivanhoe Mines and Rio Tinto in October 2009 and may be amended only by mutual, written consent of all three parties.

Ivanhoe Mines, which used private capital to discover the chain of deposits at Oyu Tolgoi, presently holds the majority 66% interest in the project. Rio Tinto, which owns 49% of Ivanhoe Mines, is managing construction of the Oyu Tolgoi mining complex.

The investment agreement complies with all relevant Mongolian laws and regulations and all parliamentary resolutions, including Resolution 57, which authorized the government to conclude the agreement with Ivanhoe Mines and Rio Tinto. Under Mongolian law, the government's right to acquire an ownership interest in the project is limited to 34%.

The investment agreement has formed the basis for the construction of the Oyu Tolgoi copper, gold and silver mine that passed the 50% completion mark earlier this month and is on track to begin initial production during the third quarter of next year.

The letters delivered to the government and the National Security Council noted that the Investment agreement had been presented to parliament on a number of occasions for review and comment, was signed by the government in full compliance with all applicable Mongolian laws, regulations and parliamentary resolutions and will deliver a fair distribution of value from the project to all stakeholders.

The letters also cautioned that the government's actions could seriously undermine the confidence that international investors have in Mongolia's future as a safe and stable country in which to invest.

Ivanhoe Mines also took note of, and is encouraged by, remarks made yesterday by Mongolia's President Elbegdorj, who said that the Mongolians should keep their word and the current government should not back off its contractual commitments.

### **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; its 57% interest in Mongolian coal miner SouthGobi Resources (TSX: SGQ; HK: 1878); a 54% interest in Ivanhoe Australia (TSX & ASX: IVA), a copper-gold-uranium-molybdenum-rhenium exploration and development company; and a 50% interest in Altynalmas Gold Ltd., a private company developing the Kyzyl Gold Project in Kazakhstan.

### Information contacts

Investors: Bill Trenaman +1.604.688.5755. Media: Bob Williamson +1.604.331.9830