

The truth about Mongolian government support for foreign investment in Mongolia's mining sector ignored again by Globe and Mail newspaper

Ivanhoe Mines Ltd. issued the following statement today (March 13, 2006)

ULAANBAATAR, MONGOLIA — A story published today in the Toronto Globe and Mail newspaper's Report on Business section, headlined, "For Ivanhoe, new questions in Mongolia," follows a disturbing pattern of inaccurate and misleading accounts by the newspaper and its reporter, Geoffrey York, during the past 18 months about Ivanhoe Mines' business interests in Mongolia.

The latest story is based almost entirely on comments made more than three weeks ago by Mongolia's recently appointed Minister of Industry and Trade, B. Jargalsaikhan, expressing some personal views about possible state participation in major mineral deposits in Mongolia. However, the Globe and Mail and its reporter knew about and ignored an important series of subsequent statements by senior government representatives reaffirming the position of the government and outlining the official, democratic decision-making process now underway.

The reporter knew, and failed to report, that Mongolia's President N. Enkhbayar, Prime Minister M. Enkhbold and other members of parliament have made public statements in recent weeks about the importance of maintaining foreign investment in Mongolia's rapidly growing mineral sector.

The reporter knew, and failed to report, that Ivanhoe had held cordial and productive meetings with Minister Jargalsaikhan in recent weeks. The story misleadingly implied that Minister Jargalsaikhan was member of a government committee appointed to negotiate a state interest in Ivanhoe's Oyu Tolgoi project. In fact, the reporter knew and failed to report that the government committee had been instructed by the Prime Minister to arrange the completion of a stability agreement covering Ivanhoe's planned development of the Oyu Tolgoi copper-gold deposits.

A story more complete and diligent in its handling of the facts would have cast events in Mongolia in a very different light to the narrow, alarmist tone created by the story published today. Ivanhoe advised the reporter on Thursday and Friday last week of the importance of understanding and presenting a fair and balanced report of developments, and presented him with specific facts and references in answer to his questions. However, the newspaper instead proceeded to publish yet another sensation-mongering account without verifying or presenting important facts that are on the record and that would have given readers and investors a more thorough and accurate understanding of current events concerning Ivanhoe's interests in Mongolia.

For example:

- The Globe knew and failed to report that the President of Mongolia, N. Enkhbayar, said on national television on February 23 that the Mongolian National Security Council (comprised of the President, the Prime Minister and Speaker of the Parliament) ultimately will lead the formation of state policy on future mining industry development. The President stressed that nothing should be done to jeopardize foreign investment.

- The Globe knew, and failed to report, that Prime Minister Enkhbold said in a major address January 26 that protecting and enhancing a favourable environment for foreign investment was one of the top priorities for the new government. "We will attach utmost importance to this issue in pursuit of the country's development goals," he said.
- The Globe knew and failed to report that the Mongolian cabinet met last week and agreed that it should be a priority to resolve urgent issues concerning the Mongolian mining sector.
- The Globe knew and failed to report that Prime Minister Enkhbold last week assigned the Deputy Prime Minister, M. Enkhsaikhan, to take charge of the preparation of a policy document governing the future development of the mineral sector. Mr. Enkhsaikhan said that there is a need to finalize the Oyu Tolgoi stability agreement, and no need to delay it, and that he plans to have his policy report ready by March 25.
- The Globe knew and failed to report that Finance Minister N. Bayartsaikhan is a member of the special government committee formed last week to complete negotiations for a stability agreement with Ivanhoe for the development of Oyu Tolgoi. Under Mongolian law, it is the Finance Minister who signs stability agreements on behalf of the government.
- The Globe knew and failed to report that Minister Jargalsaikhan, in expressing his views about state participation in mineral projects, has clearly distinguished between major projects that have been discovered with state funds, and Oyu Tolgoi, which has been discovered entirely by Ivanhoe with private funds.
- The Globe knew and failed to report that Minister Jargalsaikhan has directly acknowledged that he cannot forcibly take away any interest in Oyu Tolgoi from Ivanhoe, which he has said would damage Mongolia's reputation and stifle foreign investment. The Minister also has said that he would like the government to buy a participating interest in Oyu Tolgoi in a business deal with Ivanhoe Mines.
- The Globe knew and failed to report that Ivanhoe is content at this time with the progress that is being made in its discussions with representatives of the Mongolian government over the scheduled development of Oyu Tolgoi. The discussions have led Ivanhoe to believe that a fair and reasonable agreement will be achieved. Ivanhoe has stated on several occasions that it intends to direct the development of Oyu Tolgoi; but since September, 2003, Ivanhoe has consistently allowed for the possibility of one or more minority investments in Oyu Tolgoi by state agencies "whose involvement could be profoundly beneficial for the project's long-term success."
- Finally, Ivanhoe Mines' Chairman Robert Friedland said today that the company feels obliged to speak out to protect Mongolia's hard-earned reputation as an excellent recipient for foreign investment in the country's mining sector and to protect the interests of the Mongolian people and their government, as well as all of Ivanhoe's stakeholders. "Ivanhoe has decided to take the extraordinary step of publishing the reporter's questions and the detailed responses and references that were provided to him last week. This will show interested parties throughout the world the extent of the truth that was known by the reporter and the newspaper, who instead chose to produce a narrow and alarmist article and headline that was lacking in journalistic integrity. Copies of Ivanhoe's detailed correspondence with The Globe reporter will be posted on the "Truth and Lies" section of the company's website, www.ivanhoemines.com, as soon as technically possible later today."

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

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