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Ivanhoe Mines welcomes pledge by Mongolia's President of continuing support for development of Oyu Tolgoi mine project

ULAANBAATAR, MONGOLIA — Robert Friedland, Chairman of Ivanhoe Mines, today welcomed a public statement by Mongolian President Bagabandi of his continuing support for the development of Ivanhoe's Oyu Tolgoi copper-gold project in the South Gobi region, near the border with China.

Mr. Friedland met with President Bagabandi on Friday and briefed the Mongolian head of state on progress being made on planning the development of the Oyu Tolgoi mine.

A subsequent statement issued by the President's office, and reported in Mongolian newspapers, said that President Bagabandi "expressed his continued support for the Project, underlining its importance to the economic development and future of the country." The President visited the Oyu Tolgoi discovery camp in 2002.

During his meeting with the President, Mr. Friedland explained the importance to Ivanhoe of completing a detailed, long-term stability agreement that now is in the late stages of negotiation with Mongolia's national government. The agreement will establish a framework of tax, fiscal, import-export and infrastructure measures necessary for the development, mining and processing of copper and gold ores during the life of the project.

The official statement said that President Bagabandi reiterated to Mr. Friedland that he wished to see the Oyu Tolgoi Project "implemented successfully" and that he "expressed his hope that the Stability Agreement shall be concluded soon between the Government of Mongolia and Ivanhoe Mines." The statement said President Bagabandi "emphasized that the Government of Mongolia ought to repay on time the \$US50 million loan advanced by Ivanhoe Mines to eliminate the Soviet-era debt to the Russian Federation." The loan, in the form a treasury bill purchased by Ivanhoe Mines last December, matures at the end of this year. The Mongolian Government recently confirmed to Ivanhoe, in writing, that repayment will be made on schedule.

Mr. Friedland said he assured President Bagabandi that Ivanhoe was committed to leading the development of Oyu Tolgoi, which Ivanhoe plans to have in production in mid-2007.

Ivanhoe shortly will release an independently verified update of the estimate of the resources identified to date at Oyu Tolgoi that can be mined by open pit and underground methods.

Ivanhoe shares are listed on the NASDAQ market under the symbol HUGO and on the Toronto and Australian stock exchanges under the symbol IVN.

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