



**IVANHOE
MINES**

September 19, 2000

IVANHOE MINES CONDEMNS BLATANT FALSEHOODS, BIAS AND MISREPRESENTATIONS IN ACTIVISTS' MINING DOCUMENTS

STATEMENT BY DANIEL KUNZ, PRESIDENT OF IVANHOE MINES LTD.

Canadian Friends of Burma and MiningWatch Canada distributed a document on Monday, September 18, 2000, which purports to be a report on mining in Myanmar, formerly known as Burma. The two groups, which commissioned the report, also issued an executive summary of the report and a news release as part of their campaign against companies with business interests in Myanmar.

References to Ivanhoe Mines and its Myanmar copper project within the three documents contain blatant falsehoods. The documents are contradictory, bizarre and defamatory. They cite alleged events which, in truth, never happened. They have the wrong companies in the wrong places in the wrong deals. Where there are no facts to support their authors' agendas, the documents resort to suggestion and innuendo in their determination to disparage companies with legitimate investments in Myanmar.

The purpose of the documents is to try to influence decision makers in Canada and to try to hoodwink media. It is political advocacy gone mad.

Addressing Ivanhoe's 50%-owned Monywa Copper Project, the documents make particularly serious allegations which are untrue and unsupported by any evidence. One document claims evidence of serious human rights violations, serious groundwater pollution and deplorable safety standards at Monywa. This is a double falsehood on all three counts. No such failures have occurred at, or been caused by, the Ivanhoe project. And, in fact, the actual report offers not a shred of tangible evidence to support the outrageous allegations that were made in public in a calculated attempt to alarm and mislead, and that now have been widely distributed by media.

Such allegations are a monstrous slur against the hundreds of skilled men and women who work for Ivanhoe Mines, in Canada and internationally, and the thousands of public holders of the company's stock. The false allegations should be condemned by all those whom Mr. Moody and his sponsors are seeking to influence and they must be publicly withdrawn by the Canadian Friends of Burma and MiningWatch.

As a principal sponsor of the report, Canadian Friends of Burma rejected offers by Ivanhoe Mines and Ivanhoe Capital to assist with fact checking on the contents of the report, prior to its release. Ivanhoe offered its assistance in an unsuccessful attempt to avoid the possibility of damaging errors being distributed to unsuspecting readers. To our knowledge, no attempt was ever made by the author, Roger Moody, by Canadian Friends of Burma or by MiningWatch Canada to check the many false references in the report.

Mr. Moody, the report's author, has no recognized credentials as an independent, objective authority on mining and has no first-hand knowledge of the operation of the Ivanhoe Mines joint venture Monywa Copper Project in Myanmar. Mr. Moody admits that the purpose of his report is to provide ammunition for "pro-Burma activists" in a campaign he wants to incite against mining in Myanmar. Mr. Moody is well known for his anti-mining views and is a founder of the group, People Against Rio Tinto Zinc and Subsidiaries.

In a preliminary response to the documents, Ivanhoe Mines specifically challenges Mr. Moody and his sponsors on the following additional points:

Mr. Moody indulges in grotesque propagandizing in part by questioning whether mining companies in Myanmar are providing "a cover for drug profiteering," then acknowledges only that "hard evidence seems almost totally lacking." We challenge Mr. Moody to produce evidence, or to withdraw the insinuation.

The documents falsely claim that environmental standards are "absent" in Myanmar. In fact, the Ivanhoe Mines joint venture in Myanmar has adopted an internationally recognized standard of best practice environmental management and of employee safety and health. Earlier this year, the Myanmar mine recorded the notable achievement of two million hours worked by its 540 employees without a disabling injury. The safety program and measurement techniques employ internationally recognized procedures. This achievement, in part, gives lie to the Moody report's false and unsubstantiated claims of "deplorable safety standards" at the Monywa project. The Monywa project is committed to obtaining certification to international standard ISO 14001. The mining operation's performance in meeting its objectives is subject to annual review by independent experts, whose reports will be made public. The first such report has just been completed.

The sponsoring groups' news release falsely claims that the Ivanhoe project has caused severe environmental damage. No such damage has been caused. Ivanhoe challenges the sponsors to produce proof of their claim, or to withdraw it. The truth is that the technology employed by Ivanhoe at Monywa is advanced and environmentally superior to that used to produce more than 70% of the world's copper. With its long-term environmental plan in place, Ivanhoe will even improve the existing conditions at the site which it did not create, but which are the result of earlier mining and different recovery processes operated at the site years before Ivanhoe established operations in Myanmar.

While the accompanying documents claim that the Moody report describes the dangerous wastes and hazards associated with the copper recovery process at Monywa, the report in fact contains no such descriptions. The Ivanhoe environmental program is effectively managing all conditions at the site — one of many facts which Mr. Moody studiously avoids reporting.

There is no evidence that forced labour was used in building roads to the Monywa project or that local people were forced off their land during Ivanhoe's involvement with the site, as claimed by Mr. Moody and his sponsors. The Moody report offers no specifics to support such claims. Ivanhoe Mines does not accept the use of forced labour, and challenges Mr. Moody and his sponsors to produce proof of these most serious allegations, or to publicly withdraw them. (A copper mine was established on the Monywa property about a decade before the Ivanhoe joint venture was formed in 1996 and built its new copper recovery infrastructure with a well-paid workforce in 1997 and 1998).

A news release accompanying the Moody report implies that irresponsible mining is causing harmful impacts on communities and the environment in Myanmar. Ivanhoe Mines deplores the use of such unsupported smear rhetoric and challenges the author and the sponsors of the Moody report to produce evidence of "irresponsible mining" by Ivanhoe Mines in Myanmar, or to withdraw the allegation. The true record shows that the Ivanhoe copper mine has, directly and indirectly, created jobs for more than 1,000 Myanmar people and has become a vital economic mainstay of several towns and villages near the mine.

The Ivanhoe Monywa project has been responsible for:
new equipment and improvements at two area hospitals serving tens of thousands of people;
improvements to community drinking water, sanitation, housing, schools and local infrastructure;
improved reliability of electricity supply to more than 500,000 people; and
introduction of an employee pension plan and skills training at all job levels at the mine. Ivanhoe is committed to being a model of engineering and development excellence and international corporate responsibility.

The Moody report falsely claims that Daewoo provided finance for the first phase of the Monywa Copper Project.

The report falsely claims that Ivanhoe Myanmar Holdings is a subsidiary of Ivanhoe Capital Corp.

The report falsely claims that Ivanhoe Myanmar Holdings announced plans in 1996 to raise money to finance an oil field in Indonesia; Ivanhoe Myanmar has never had oil interests, anywhere.

The report falsely claims that Ivanhoe Mines shares moved to the Toronto and Australian stock exchanges in 1999; in fact, trading on those exchanges began in 1996.

The documents' suggestions that Ivanhoe may be ignoring basic labour rights, wage rates and health and safety standards are false and repugnant, and should be withdrawn. The false suggestion that there is no pending auditing or environmental assessment also should be withdrawn.

The suggestion in the documents that the Ivanhoe joint venture may be high-grading, by mining only premium ore, is completely false.

Contrary to the suggestion in the sponsoring groups' news release, several of the members of the Ivanhoe Mines Board of Directors are in fact residents of Canada.

The documents state that the regime in Burma is a 50% owner of the Ivanhoe mines, and "gains considerable income from them."

These are the facts:

- 1) A joint venture was formed to develop the copper resources at Monywa between the Mining Enterprise No. 1 (ME-1) and Ivanhoe Mines.
- 2) ME-1 is a long-standing mining division of the Ministry of Mines and is responsible for a variety of mining projects in Myanmar.
- 3) Neither ME-1 nor Ivanhoe Mines has received a single dividend payment from the joint venture company. While the joint venture company records accounting "profit" on its books, the joint venture must repay its project loan before any capital can be returned to ME-1 or Ivanhoe Mines. This will take years. The report incorrectly claims that the government of Myanmar is receiving a 4% royalty on copper sales; in fact the current royalty is just 2%.

An official with Canadian Friends of Burma said on September 18th that the Moody report on mining in Myanmar being distributed to media that day was only "in draft form." None of the documents given to media and the public declare that the material is only in draft form and subject to future change. If true, the media and the public are being misled by Mr. Moody and his sponsors through their distribution of unchecked, incomplete materials which contain blatant and damaging falsehoods and misrepresentations.

Information contacts

Daniel Kunz, President
Investors: Bill Trenaman
Media: Bob Williamson
Vancouver, Canada
Telephone: 604 688-5755
Website: www.ivanhoemines.com