November 14, 2011

IVANHOE MINES ANNOUNCES FINANCIAL RESULTS AND REVIEW OF OPERATIONS FOR THE THIRD QUARTER OF 2011

Construction of Oyu Tolgoi copper-gold-silver mine expected to be over 70% complete by the end of 2011

SINGAPORE — Ivanhoe Mines today announced its results for the quarter ended September 30, 2011. All figures are in US dollars, unless otherwise stated.

HIGHLIGHTS DURING THE QUARTER AND SUBSEQUENT WEEKS

- **Overall construction at Oyu Tolgoi continues to advance on budget and reached a 54.4% level of completion at the end of Q3'11. Key elements of the project, including the concentrator complex, primary crusher and tailings-thickening ponds, remain ahead of schedule. Total capital invested in the project to the end of Q3'11 was approximately $3.2 billion. Facilities required for first ore production in mid-2012 remain on schedule and commercial production is expected to commence in the first half of 2013.**

- **Pre-stripping for the phase-one open-pit mine on the gold-rich Southern Oyu deposits at Oyu Tolgoi began in August 2011. By the end of Q3'11, approximately 1.3 million tonnes of overburden material had been moved.**

- **The development of the first lift of the phase-two underground block-cave mine at the Hugo North Deposit continued successfully during Q3'11. Lateral mine development 1,300 metres below surface at Hugo North is on schedule, achieving an advance during Q3'11 of 1,187 metres, for a total of 9,126 metres completed since tunnelling started in 2008.**

- **Construction of Shaft #2 infrastructure is progressing well. The headframe and ancillary buildings were 59.9% complete at the end of Q3'11. Sinking of the shaft is expected to commence in the second half of November 2011.**

- **Oyu Tolgoi's site-based construction workforce was approximately 14,760 at the end of Q3'11, with approximately 11,680 working on site each day and the balance on leave. Approximately 7,820 Mongolians were employed at the Oyu Tolgoi site, with an additional 3,300 Mongolians participating in offsite training and educational programs. These Mongolian employees will form the bulk of the eventual production workforce.**

- **In May 2011, the Oyu Tolgoi Project received the final approvals required to proceed with construction of a 220-kilovolt power transmission line from Oyu Tolgoi along a 95-kilometre route south to the Mongolia-China international border. Construction of the transmission towers was completed in October 2011 and the stringing of power cables is expected to commence in spring 2012. The transmission line is planned to be extended across the Mongolian border by Chinese contractors to tie into the neighbouring Inner Mongolian electrical grid in China.**

- **Discussions between the Mongolian and Chinese governments were held during Q2'11 and Q3'11 and are expected to conclude a bilateral agreement that would secure the supply of initial electrical power from China. Subject to negotiations and final agreement, the remaining permits, commercial arrangements and power-purchase tariffs are expected to be expedited to ensure that imported power will be available at the Oyu Tolgoi site by Q3'12. In the meantime, additional diesel-powered generating capacity has been approved to meet the project's requirements during the remaining stages of construction.**

- **During Q3'11, Ivanhoe Mines' 58%-owned subsidiary, SouthGobi Resources (SGQ: TSX; 1878: HK), reported coal sales of $60.5 million from its Ovoot Tolgoi mine in southern Mongolia, representing approximately 1.37 million tonnes of coal sold to customers in China at an average realized price (before royalties and selling fees) of approximately $54 per tonne.**

- **Ivanhoe Mines' 59%-owned subsidiary, Ivanhoe Australia (IVA: ASX & TSX), continues to advance its copper, gold, molybdenum and rhenium mine development projects in the Cloncurry region of Queensland. The Osborne copper and gold project is scheduled to begin initial production in the first half of 2012; construction of the decline to access the Merlin molybdenum and rhenium deposit had progressed to 1,438 metres by the end of Q3'11.**

- **Altynalmas Gold, 50%-owned by Ivanhoe Mines, is continuing its drilling program designed to further delineate and upgrade resources and reserves to NI 43-101 standards at the Kyzyl Gold Project in Kazakhstan. Altynalmas Gold is proceeding to advance the development of the project following the completion of a pre-feasibility study in 2010.**

- **In Q3'11, Ivanhoe Mines recorded net income of $7.3 million ($0.01 per share), compared to a net loss of $24.9 million ($0.05 per share) in Q3'10, which was an increase of $32.2 million. Results for Q3'11 mainly were affected by $79.6 million in exploration expenses, $54.0 million in cost of sales, $21.4 million in general and administrative expenses, $35.6 million in foreign exchange losses, a $19.3 million share of loss of significantly influenced investees, a $9.1 million loss from discontinued operations and $1.9 million in interest expense. These amounts were offset by coal revenue of $60.5 million, a $62.1 million change in the fair value of embedded derivatives, a $103.0 million gain on settlement of a long-term note receivable, and $5.3 million in interest income.**

MONGOLIA

OYU TOLGOI COPPER-GOLD-SILVER PROJECT (66%-owned by Ivanhoe Mines)

Construction of the Oyu Tolgoi copper-gold-silver complex advancing toward planned start of 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 to start at the near-surface Southern Oyu deposits, which include Southwest Oyu and Central Oyu. A copper concentrator plant, related facilities and necessary infrastructure that will support an initial throughput of 100,000 tonnes of ore per day are being constructed to process ore scheduled to be mined from the Southern Oyu open pit. Commercial production of copper-gold-silver concentrate is projected to begin in the first half of 2013.

Along with the surface activities, an 85,000-tonne-per-day underground block-cave mine also is being developed at the Hugo North Deposit, with initial production expected to begin in 2015. The throughput capacity of the concentrator plant is expected to be expanded up to approximately 160,000 tonnes of ore per day when the underground mine begins production.

Fluor Corporation is in charge of overall Oyu Tolgoi program management, as well as services related to engineering, procurement and construction management for the ore processing plant and mine-related infrastructure, such as roads, water supply, a regional airport and administration buildings.

Current operations activities related to the phase-one concentrator are focused on finalizing the operational readiness plan. Detailed commissioning, operation and maintenance plans are being developed for all the components of the concentrator circuits. Representatives of various manufacturers and engineering groups are assisting with the preparation of the operational readiness plan. Pre-stripping for the open-pit mine began in early August 2011; assembly of the mining fleet is continuing.

In early May 2011, the Oyu Tolgoi Project received the final approvals required to proceed with construction of a 220-kilovolt power transmission line from Oyu Tolgoi along a 95-kilometre route south to the Mongolia-China international border. The construction approval from Mongolia's Energy Regulatory Authority and a land-use contract from the governor of Khanbogd soum (township), which includes Oyu Tolgoi, now have been received. Both are key to the plan to import electrical power from China to operate the Oyu Tolgoi complex during its initial four years of commercial production. Contracts have been awarded to Mongolian companies for construction of the power transmission line to the border. Construction of the towers to the Mongolian border was completed in October 2011 and line stringing is expected to commence in spring 2012. The transmission line is planned to be extended across the Mongolian border by Chinese contractors to tie into the neighbouring Inner Mongolian electrical grid in China.

Discussions between the Mongolian and Chinese governments were held during Q2'11 and Q3'11 and are continuing toward the objective of concluding a bilateral agreement that would secure the supply of electrical power from China. Subject to negotiations and final agreement, the remaining permits, commercial arrangements and power-purchase tariffs are expected to be expedited to ensure that imported power will be available at the Oyu Tolgoi site by Q3'12. In the meantime, additional diesel-powered generating capacity has been approved to meet the project's requirements during the remaining stages of construction.

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 and that Ivanhoe Mines has the right to obtain electrical power from inside or outside Mongolia, including China, to meet its initial electrical power requirements. The agreement also established a) that 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) that all of the project's power requirements would be sourced from within Mongolia no later than four years after Oyu Tolgoi begins commercial production. In November 2011, the Mongolian Government passed a cabinet resolution allowing for the future construction by Oyu Tolgoi LLC of a dedicated coal-fired power plant in Mongolia for the project.

Oyu Tolgoi LLC is finalizing a study of alternative power-generation arrangements that could be implemented if it became apparent that interim imported power would not be available by Q3'12. To date, the study demonstrates that advancing the construction of a coal-fired power plant in Mongolia would be the most appropriate option.

A dedicated coal-fired power plant would require certain Mongolian Government permits, the negotiation of commercial agreements with the Mongolian Government and coal suppliers and the arrangement of financing for the accelerated construction. If necessary, such an approach would impact the Oyu Tolgoi construction schedule and adversely affect the project's ability to achieve full commercial production in 2013, as planned. Although construction of a power plant is expected as part of the Oyu Tolgoi Project's future development, there is no provision for a plant in the current capital cost estimates for 2011 and 2012 and the financing that would be required is not contemplated as part of the Company's current financing plan. The Heads of Agreement signed with Rio Tinto in December 2010 provided that if construction of a 50-megawatt or greater power plant was started before January 1, 2015, the construction would be funded by loans from Rio Tinto, with 40% of the outstanding balance to be repaid in 2015 and the remainder in 2016.

Overall construction of the Oyu Tolgoi Project was 54.4% complete at the end of Q3'11

Overall construction reached a 54.4% level of completion at the end of Q3'11. Total capital invested in the project by the end of Q3'11 was approximately $3.2 billion. Overall construction is projected to be over 70% complete by the end of 2011.

Major updates for Q3'11 and plans for Q4'11 include:

- Pre-stripping of overburden began in August 2011 as part of the construction of the phase-one open-pit mine to recover ore from the Southern Oyu deposits. At the end of Q3'11, approximately 1.3 million tonnes of material had been moved.
- The development of the first lift of the phase-two underground block-cave mine at the Hugo North Deposit continued successfully during Q3'11. Lateral mine development 1,300 metres below surface at Hugo North is on schedule and achieved an advance during Q3'11 of 1,187 metres, for a total of 9,126 metres completed since tunnelling started in 2008.
- Shaft #2 construction is progressing well. The headframe and ancillary buildings were 59.9% complete at the end of Q3'11. Preparations are underway for sinking, which is expected to begin in November 2011.
- Oyu Tolgoi's site-based construction workforce was approximately 14,760 at the end of Q3'11, with approximately 11,680 working on site each day and the balance on leave. Approximately 7,820 Mongolians were employed at the Oyu Tolgoi site, with an additional 3,300 Mongolians participating in offsite training and educational programs. These Mongolian employees will form the bulk of the eventual production workforce, particularly in the open-pit operations.
- Construction of the concentrator was 56.2% complete at the end of Q3'11. The structural steel and the cladding for the concentrator building reached substantial completion during Q3'11 (except where openings are needed for equipment installation). The shells for SAG mill #2 and for ball mills #3 and #4 were assembled; heads for the mills were installed; and trunnion bearings were installed for ball mill #3.
- Progress of the construction of offsite facilities and infrastructure reached 52.8% at the end of Q3'11, which was slightly behind the plan of 54.1%. The cumulative shortfall was due to delays with the Oyu Tolgoi–Gashuun Sukhait road to the Mongolia-China border and the Khanbumbat permanent airport, and the decision to defer until spring 2012 the stringing of cables on the power line to the Mongolia-China border. Facilities required for the production of the first ore are on schedule.

- A diesel management study is underway to review options for onsite and offsite storage of diesel fuel to ensure reliability of supply. An initial indication of the study proposes an additional five-million-litre storage facility on site.
- Non-binding concentrate sales memorandums of understandings with two large Chinese smelters and two international trading companies were agreed to during Q3'11. Contracts are expected to be finalized with the smelters and trading companies during the next several months. Most of the concentrate initially produced at Oyu Tolgoi is expected to be delivered to customers in China.

Phase one construction on budget

In December 2010, Ivanhoe Mines announced that a $2.3 billion capital budget had been approved for 2011 — the peak year of construction activity on the first phase of the Oyu Tolgoi Project. In addition to the $2.3 billion capital budget, approval also was received for an additional $150 million budget for operation of the Ulaanbaatar office during 2011 and $100 million for the second tax prepayment that was made to the Mongolian Government in June 2011. At the end of Q3'11, $2.2 billion had been spent in 2011, which was slightly over the budget of $2.1 billion due to the strategy of bringing forward certain activities into 2011.

Capital required from January 1, 2011, through to completion of the phase-one, 100,000-tonne-per-day project and the commencement of commercial production scheduled for 2013 is expected to total approximately $4.5 billion. This estimate includes approximately $280 million in remaining contingencies; no provision has been made for foreign exchange variances or cost increases on construction commitments that may be incurred.

The Oyu Tolgoi 2012 budget is expected to be reviewed and approved in December 2011 by the Oyu Tolgoi Board of Directors and the Ivanhoe Mines Board of Directors. The 2012 budget is expected to be in line with the costs estimated for 2012 in the overall phase-one budget, taking into account some shifts in timing of certain activities.

Capital invested in phase-one construction to support future expansion

The engineering and construction stages have recognized the need to accommodate a major increase in ore-processing capacity in the future, while minimizing potential disruption to operations that will be underway at that time.

Wherever possible, Oyu Tolgoi has taken the opportunity to allow for expansion with minimal impact on operations. Oyu Tolgoi's plans call for initial production of 100,000 tonnes of ore per day, which is expected to increase up to approximately 160,000 tonnes per day when ore from the underground mine becomes available. To facilitate this expansion, Oyu Tolgoi has constructed a third ore-reclaim tunnel that will increase the capacity to feed ore to the concentrator by 50-60% over the initial rate of production. To cater to future increased production, a pipeline has been installed that, with minor modifications, could supply water for processing up to 160,000 tonnes a day. Oyu Tolgoi also has allowed for expansion in the concentrator by adding space in the flotation area and installing other equipment to handle higher production rates. Studies examining options to process additional ore are ongoing.

Pre-stripping of open-pit mine started as planned in Q3'11

Pre-stripping of overburden to gain access to ore in the phase-one open-pit mine began on schedule in August 2011. Work began with the construction fleet hauling clay material to the tailing-storage facility and the infrastructure projects, including roads, laydowns and access ramps. Commissioning of the initial open-pit mining fleet began in September 2011 with the release of the first Bucyrus RH340 hydraulic shovel and Komatsu 930E haul trucks. Deliveries of heavy mobile equipment, assembly and commissioning 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.

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 Q3'11. Lateral mine development 1,300 metres below surface at Hugo North is on schedule.

The first ventilation raise pilot-hole broke through to the 1,300-metre level in Q2'11. Initial reaming from the 1,300-metre level has proven difficult and additional concrete grouting is being undertaken to stabilize the ground. Work has begun on two more ventilation raise holes that will provide additional air flow to the underground workings and help to increase lateral development performance. The underground development of Shaft #1 is expected to connect with the bottom of Shaft #2 in early 2013 and production from the first lift of the Hugo North block-cave mine is scheduled to begin in 2015.

Rio Tinto working with Ivanhoe Mines to complete international project-finance package of up to $4.0 billion

Ivanhoe Mines, Rio Tinto, a core lending group and their respective advisers are working together to finalize an approximate $4.0 billion project-finance facility for the Oyu Tolgoi Project, with the objective of signing loan documentation in early Q2'12.

The initial core lending group of Mandated Lead Arrangers is comprised of European Bank for Reconstruction and Development, International Finance Corporation, Export Development Canada, BNP Paribas and Standard Chartered Bank. USExim Bank – together with its adviser, Standard Bank – Multilateral Investment Guarantee Agency, a member of the World Bank Group and the Australian Export Finance and Insurance Corporation recently joined the lender group and have begun their due diligence processes with a view to supporting the financing.

Recent meetings with lenders also were attended by Erdenes MGL LLC, the Mongolian state-owned shareholder that owns 34% of Oyu Tolgoi LLC, and representatives from Oyu Tolgoi LLC.

Preparation of a term sheet outlining the main terms and conditions common to all lenders is well advanced. Lenders have built a financial model and are expected to finalize their technical, marketing, financial, legal, insurance, environmental and social due diligence later this year.

During Q3'11, project finance activities focused on the following:

- Completion tests. A meeting was held with lender representatives and the outcome was a tentatively agreed position on outstanding issues. This agreement remains subject to further discussions, most particularly the finalization of covenant ratios associated with the financial model.

On other outstanding term sheet points, the scope of certain financial definitions and ratios, sponsor covenants and permitted Rio Tinto senior debt remain outstanding; however, finalization of the completion tests likely also will involve finalization of definitions and ratios at a minimum. Progress on reporting requirements was made during Q3’11, with drafts exchanged between Oyu Tolgoi LLC and the lender group.

- Working capital facility. Progress was made in finalizing a term sheet with four main Mongolian banks for an unsecured working capital facility for Oyu Tolgoi LLC. The term sheet will be discussed with the Mongolian banks in Q4’11 in conjunction with an update on the project financing to be presented to the Oyu Tolgoi LLC board by the project finance team. Although not central to the financing plan, the Mongolian facility is seen as an important aspect, providing the Mongolian banks with the opportunity to participate in the financing of Oyu Tolgoi.
- With financial close approaching, discussion on the syndication strategy commenced during Q2’11. Ivanhoe Mines and Rio Tinto were presented with a proposal by a commercial bank to underwrite a significant portion of the project finance debt in syndication. Ivanhoe Mines and Rio Tinto are reviewing the proposal.
- Environmental Social Impact Assessment (ESIA). The ESIA is nearing completion, with an objective of seeking Oyu Tolgoi LLC Board of Directors approval in Q4’11.
- Other due diligence work streams are progressing and do not currently pose any issues for the project financing.

Prior to first drawdown, it is expected that Ivanhoe Mines will utilize a $1.8 billion interim funding facility provided by Rio Tinto as bridge financing. This facility will be repaid from the first drawdown of the project finance facility.

Final terms of a third-party project-finance facility for the Oyu Tolgoi Project remain subject to the approval of the Oyu Tolgoi LLC Board of Directors, the Ivanhoe Mines Board of Directors and the joint Ivanhoe Mines-Rio Tinto Technical Committee.

Skills training and community programs well advanced

The Oyu Tolgoi Project’s staffing strategy continues to rely on the employment and training of Mongolian nationals throughout the construction phase. At the end of Q3’11, more than 13,000 Mongolians were working on the project with 69 contractor companies. Approximately 370 Mongolians are contracted to Oyu Tolgoi as trainees and are developing operator and maintenance skills, required for Oyu Tolgoi’s scheduled start-up in 2012, at four selected Mongolian technical and vocational education training (TVET) schools and two major original equipment manufacturer (OEM) vendor companies, Transwest and Wagner Asia. In addition, more than 3,300 Mongolians are participating in a special government employee training scheme funded by Oyu Tolgoi that is further adding to the overall skills development pool.

Oyu Tolgoi has committed more than $85 million in funding over five years toward technical and vocational training in Mongolia.

Support for Investment Agreement reaffirmed

During Q3'11, 20 members of Mongolia's 76-seat national parliament petitioned the government to pursue changes to the Oyu Tolgoi Investment Agreement ahead of Mongolia's general election set for June 2012. The MPs wanted to accelerate the timing of the government's option to increase its current 34% interest in Oyu Tolgoi to 50%, which is permitted after 30 years under provisions of the 2009

Investment Agreement. After being invited by the government to discuss potential changes to the Investment Agreement, Ivanhoe Mines and Rio Tinto advised the government that they were not prepared to renegotiate terms of the agreement. Any change would require written consent of all three parties. Following discussions, the government, Ivanhoe Mines and Rio Tinto issued a joint statement on October 6, 2011, reaffirming their continued support for the Investment Agreement. The statement said, in part: "All stakeholders, investors, lenders, employees, contractors, civil society and local communities can have full confidence in the future of Oyu Tolgoi."

Exploration drilling continued in Q3’11

Ivanhoe Mines continued its drilling program on the Oyu Tolgoi Project during Q3’11 with 12,322 metres of surface resource geology drilling (including geotechnical and mine-development investigation holes), 1,517 metres of underground geotechnical drilling and 6,291 metres of surface exploration diamond drilling.

Four drill rigs currently are conducting surface exploration drilling at Oyu Tolgoi. Two rigs are focused on delineating an initial resource estimate for the Heruga North Deposit, a 2.5-kilometre, mineralized extension of the Heruga Deposit, stretching north from the southern border of the Oyu Tolgoi mining licence to the Southern Oyu deposits.

One rig tested the northern extension to the Hugo Dummett ore body, approximately 150 metres north of the last significant copper and gold mineralization. The fourth rig is testing the Javkhlant prospect at the southwestern end of the Oyu Tolgoi mineralized trend.

Detailed geological mapping also is being conducted in the area east of the Javkhlant prospect. A five-kilometre-long north-east-trending belt of Devonian cover rocks has been recognized. A detailed ground magnetometer survey was completed over the same area to better define the geology.

Exploration at Ulaan Khud North (50% owned)

Copper-molybdenum-gold zone being drilled on Ivanhoe-BHP Billiton joint-venture licence

In March 2011, Ivanhoe Mines and BHP Billiton discovered a new zone of shallow copper-molybdenum-gold mineralization approximately 10 kilometres north of the Oyu Tolgoi Project. The discovery, known as Ulaan Khud North, extended the known strike length of the Oyu Tolgoi structural corridor by an additional three kilometres to the north, to total more than 23 kilometres.

Ulaan Khud North is located on a 19,625-hectare exploration licence that is part of Ivanhoe Mines’ joint-venture partnership with BHP Billiton, formed in 2005. BHP Billiton has earned a 50% interest in the joint venture, which includes the Ulaan Khud North property, by spending $8 million in exploration costs.

A 3-D induced polarization survey commenced in May 2011 and identified five geophysical targets. Drilling commenced in July 2011 and by the end of Q3’11 a total of 6,878 metres of diamond drilling and 1,321 metres of drilling had been completed in 19 holes.

MONGOLIA

SOUTHGOBI RESOURCES (58% owned)

Ongoing expansion of SouthGobi's Ovoot Tolgoi coal mine

SouthGobi continues to mine and sell coal produced at its Ovoot Tolgoi Mine in Mongolia's South Gobi Region, approximately 40 kilometres north of the Shivee Khuren-Ceke crossing at the Mongolia-China border.

In Q3'11, SouthGobi had sales of approximately 1.37 million tonnes of coal at an average realized selling price (before royalties and selling fees) of approximately $54 per tonne. This was an improvement over the sale of approximately 190,000 tonnes in Q3'10 at an average realized selling price (before royalties and selling fees) of $37 per tonne. Revenue (net of royalties and selling fees) increased from $6.6 million in Q3'10 to a quarterly record of $60.5 million in Q3'11 due to the increased sales volumes and increased selling prices for individual coal types (a 45% increase for raw semi-soft coking coal and a 57% increase for raw higher-ash coal).

SouthGobi is subject to a 5% royalty on all coal sold based on a set reference price per tonne published monthly by the Government of Mongolia. Effective January 1, 2011, SouthGobi also is subject to a sliding scale additional royalty of up to 5% based on the set reference price of coal. Based on the reference price for the Q3'11, SouthGobi was subject to an average 9% royalty, based on a weighted average reference price of $102 per tonne. SouthGobi's effective royalty rate for Q3'11, based on its average realized sales price of $54 per tonne, was 16%.

Cost of sales of $54.0 million for Q3'11 was $39.1 million higher than Q3'10 ($14.9 million). Cost of sales is comprised of the cost of the product sold, inventory write-downs, mine administration costs, equipment depreciation, depletion of pre-production stripping costs and stock-based compensation costs. The increase from 2010 is largely due to the significantly higher sales volume.

Commissioning of a dry coal-handling facility at the Ovoot Tolgoi Mine is expected before the end of 2011. The facility includes a 300-tonne-capacity dump hopper, which will receive run-of-mine coal and feed a rotary breaker that will size the coal to a maximum of 50 millimetres and reject oversize ash. The facility also will include dry-air separation as an additional stage, through the insertion of dry-air separation modules, and is expected to be completed by mid-2012.

AUSTRALIA

IVANHOE AUSTRALIA (59% owned)

Ivanhoe Australia continues to progress its four main projects – the Osborne copper-gold project, the Merlin molybdenum and rhenium project, the Mount Elliott copper-gold project and the Mount Dore cathode copper project. All the projects are on granted mining leases.

During Q3'11, work focused on preparation for production at the Osborne and Kulthor mines and Osborne Processing Complex, construction of the Merlin decline and finalizing the Merlin, Osborne Copper-Gold and Mount Dore studies.

Ivanhoe Australia incurred exploration expenses of $47.1 million in Q3'11, compared to $15.7 million in Q3'10. The $31.4 million increase was largely due to work on the Merlin decline tunnel, underground work at the Osborne and Kulthor deposits and work on the various ongoing studies.

Copper-gold production expected in 2012

During Q3'11, Ivanhoe Australia released preliminary results from the Osborne Copper-Gold study, followed by the release of the final results on October 28, 2011, and the filing of the NI 43-101-compliant report on SEDAR (www.sedar.com). The Preliminary Economic Assessment (a Canadian NI 43-101-compliant technical report) evaluated ore sources only for an initial four-year period. Ore included in the initial mine plan is to be sourced from the Osborne, Kulthor and Starra 276 underground mines and the Osborne open pit. The scheduled start of production from Osborne in the first half of 2012 will be an important strategic step for Ivanhoe Australia, advancing Ivanhoe Australia's status from explorer to producer.

During Q3'11, a total of 994 metres were advanced on underground development work at Osborne and Kulthor, increasing the total to 1,290 metres. Access to the Kulthor Deposit was achieved in late August 2011 and access to the first two production levels was achieved later in Q3'11. At Osborne, the decline development continued and access was completed to two of the three planned production levels. Refurbishment work continued on the Osborne concentrator and shaft area. All major works are expected to be completed in late December 2011.

Merlin molybdenum and rhenium development study

The Merlin molybdenum and rhenium deposit is the lower-most mineralized zone in the Mount Dore Deposit, starting near the surface and dipping east at between 45 and 55 degrees. To date, drilling has defined mineralization to vertical depths ranging from 60 to 580 metres and over a strike length of 1,000 metres. The overall mineralized zone at Merlin has an average true width of 3.9 metres and ranges between two and 20 metres. The mineralization zone consists of high-grade breccias and a lower-grade, generally thicker, disseminated zone. Mineralization thins to the north, where the copper, zinc and gold content increases, while to the south it flattens and pinches out. The Little Wizard Deposit represents the southern-most extent of the Merlin molybdenum mineralization of economic interest found to date.

At the end of Q3'11, construction of the Merlin decline was on schedule and budget. The decline face had progressed to 1,439 metres. Cross-cut developments to the ventilation raises also were completed during Q3'11. Work began on an access drive into the Little Wizard Deposit, designed to obtain bulk samples for metallurgical and roaster testwork and to better understand the geotechnical aspects of the deposit, which is expected to be completed in Q4'11.

Equity Issuance

In September 2011, Ivanhoe Australia announced that it would raise up to A$150 million of net proceeds and extinguish approximately A$30.6 million of debt owed to Ivanhoe Mines. Ivanhoe Australia has issued approximately A$180 million of new, fully-paid ordinary shares to institutional, sophisticated and accredited investors, including Ivanhoe Mines, at A$1.39 (Cdn$1.41) per share. The placement was completed in two tranches.

In September 2011, Ivanhoe Australia received approximately A$88 million from the institutional placement. Upon closing this tranche, Ivanhoe Mines' interest in Ivanhoe Australia was reduced from 62.0% to 53.7%.

The remaining A$92 million from Ivanhoe Mines then was received on November 9, 2011, following approval in a vote at an extraordinary general meeting held on November 8, 2011. Following completion of the share purchase, Ivanhoe Mines now owns 59% of Ivanhoe Australia.

KAZAKHSTAN

Kyzyl Gold Project (50% owned)

Altynalmas Gold 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. Altynalmas Gold is proceeding to advance the development of the Kyzyl Gold Project following the successful completion of the pre-feasibility study in 2010.

Exploration continuing with 20,000 metres of drilling planned for Q4’11

Altynalmas Gold is continuing its drilling program that is designed to further delineate resources at the Kyzyl Gold Project. A total of 26,729 metres were drilled during Q3’11, making a total of 69,396 metres to date this year. Of this, 17,454 metres were drilled on the Bakyrchik Mining Lease (60,121 metres for the year to date), focusing on exploring the down-dip extensions of known gold resources, as well as on the flanks of known gold lenses. The remaining 9,275 metres were drilled on the Bakyrchik Exploration Licence as Altynalmas Gold commenced the delineation of numerous satellite deposits surrounding the Bakyrchik Deposit.

For the remainder of 2011, an additional 2,500 metres are planned to be drilled on the Mining Lease and a further 17,500 metres are planned on the Exploration Licence.

Mine optimization underway

A feasibility study for the Kyzyl Gold Project was received from Fluor Canada Ltd. in September 2011. Altynalmas Gold is proceeding with an optimization study phase prior to the release of a NI 43-101-compliant technical report expected to be completed in early 2012. The optimization study is being conducted in conjunction with further engineering work and further test work on the process of stabilization of wastes containing arsenic. Tender requests have been circulated by Altynalmas Gold for the fabrication of certain long-lead mining equipment.

OTHER DEVELOPMENTS

Rio Tinto’s stake in Ivanhoe Mines increases to 49.0%

In August 2011, Ivanhoe Mines received $535.9 million (Cdn$529.5 million) from Rio Tinto following Rio Tinto’s decision to exercise its subscription right to acquire an additional 27,896,570 common shares of Ivanhoe Mines. The acquisition raised Rio Tinto’s interest in Ivanhoe Mines from 46.5% to 48.5%. The price paid per share was Cdn$18.98. The subscription right was granted to Rio Tinto as a part of the terms of the December 2010 Heads of Agreement negotiated between Ivanhoe Mines and Rio Tinto.

In September 2011, Rio Tinto purchased an additional 3,700,000 common shares of Ivanhoe Mines through a privately negotiated share purchase agreement for Cdn$73.1 million. The price paid per share was Cdn$19.75. The acquisition raised Rio Tinto's interest in Ivanhoe Mines from 48.5% to 49.0%.

Rio Tinto's combined investment in Ivanhoe Mines since October 2006 amounts to approximately $4.2 billion through the purchase of shares, the exercise of warrants and a converted debt facility.

Arbitration update

The arbitration proceeding between Ivanhoe Mines and Rio Tinto regarding Ivanhoe Mines' Shareholder Rights Plan resumed during June 2011 following the expiry of a six-month suspension that was agreed upon by the companies as part of the Heads of Agreement signed in December 2010.

Ivanhoe Mines is confident that the rights plan, overwhelmingly supported by 95% of the votes cast by its minority shareholders in May 2010, is not in breach of any of Rio Tinto's existing contractual rights. Ivanhoe Mines is committed to vigorously protecting the rights of all of its shareholders and has received very strong support from institutional shareholders for its insistence that all shareholders be treated fairly during any takeover bid.

Ivanhoe Mines submitted a statement of defence in October 2010 that rejected Rio Tinto's claim and also filed a counter-claim contending that Rio Tinto had breached certain covenants in its October 2006 private placement agreement with Ivanhoe Mines (the PPA). Rio Tinto has filed a statement of defence to the Ivanhoe Mines counterclaim.

Hearings began before the arbitrator on October 4, 2011 and concluded on November 4, 2011. A ruling is expected in December 2011.

Standstill Covenant

Following its purchase of an additional 3,700,000 common shares of Ivanhoe Mines in September 2011, Rio Tinto's ownership in Ivanhoe Mines is now at the maximum permitted level of 49.0% (the Standstill Cap) until the current standstill limitation expires on January 18, 2012. Prior to that time, Rio Tinto is prohibited, subject to certain exceptions, from engaging in certain specified activities (including acquiring additional common shares or making a takeover bid for the Company's outstanding common shares).

The only exceptions to the Standstill Cap are acquisitions pursuant to Rio Tinto's existing right of first offer (the ROFO) under the PPA, its right of first refusal on Robert Friedland's common shares, and as set out in Section 6.3 of the PPA. The Standstill Cap will remain in effect until January 18, 2012, subject to earlier termination (i) in certain specified circumstances if Rio Tinto exercises its ROFO under the PPA, (ii) if the Company commits a significant breach of the RT/IVN Governance Agreement (as defined below), or (iii) if the Company appoints to its Board of Directors any individual who is not a Rio Tinto nominee under Part 4 of the PPA or a current director of the Company.

After that date, Rio Tinto is free to engage in the currently prohibited activities if it so chooses, subject to the provisions of its contractual agreements with Ivanhoe Mines and the provisions of the Shareholder Rights Plan (assuming it is upheld in the arbitration proceeding discussed above, and not waived by the Ivanhoe Mines board with respect to a third-party bid that does not qualify as a Permitted Bid as defined in the Shareholder Rights Plan). Rio Tinto has agreed that prior to the expiry or termination of the Standstill Cap and subject to certain exceptions it will not exercise its voting rights to increase its representation on the Company's Board of Directors beyond a number of directors proportionate to its shareholding from time to time.

After the expiry or termination of the Standstill Cap, or upon a change of control of the Company in favour of Rio Tinto, (i) one incumbent Company director (selected by the Company's incumbent senior management and acceptable to Rio Tinto) who is independent, but who was not nominated by Rio Tinto pursuant to its rights under Part 4 of the PPA; and (ii) two incumbent Company directors (selected by Robert Friedland and acceptable to Rio Tinto) conditional upon Robert Friedland continuing to own at least 10% of the Company's outstanding common shares, may remain as directors of the Company (on a board of 14 directors) and Rio Tinto will exercise its voting power to vote in favour of the election of such directors from time to time until the earlier of January 18, 2014, and the date the Company ceases to be a reporting issuer. Rio Tinto has also agreed that after the termination or expiry of the Standstill Cap or upon a change of control of the Company in favour of Rio Tinto, at least eight of the 14 directors will be independent until January 18, 2014.

Financial Results

In Q3'11, Ivanhoe Mines recorded net income of $7.3 million ($0.01 per share), compared to a net loss of $24.9 million ($0.05 per share) in Q3'10, which was an increase of $32.2 million. Results for Q3'11 mainly were affected by $79.6 million in exploration expenses, $54.0 million in cost of sales, $21.4 million in general and administrative expenses, $35.6 million in foreign exchange losses, a $19.3 million share of loss of significantly influenced investees, a $9.1 million loss from discontinued operations and $1.9 million in interest expense. These amounts were offset by coal revenue of $60.5 million, a $62.1 million change in the fair value of embedded derivatives, a $103.0 million gain on settlement of a long-term note receivable, and $5.3 million in interest income.

Exploration expenses of $79.6 million in Q3'11 increased $31.5 million from $48.1 million in Q3'10. Exploration expenses included $30.1 million spent in Mongolia ($30.4 million in Q3'10), primarily for Oyu Tolgoi and SouthGobi's Ovoot Tolgoi and Soumber deposits, and $47.1 million incurred by Ivanhoe Australia ($15.7 million in Q3'10). Exploration costs are charged to operations in the period incurred and often represent the bulk of Ivanhoe Mines' operating loss for that period.

Ivanhoe Mines' cash position, on a consolidated basis at September 30, 2011, was $1.4 billion. As at November 14, 2011, Ivanhoe Mines' consolidated cash position was approximately $1.1 billion.

SELECTED QUARTERLY DATA

This selected financial information is in accordance with U.S. GAAP.

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

	Quarter Ended			
	Sep-30 2011	Jun-30 2011	Mar-31 2011	Dec-31 2010
Revenue	$60.5	$47.3	$20.2	$41.6
Cost of sales	(54.0)	(49.7)	(20.3)	(46.4)
Exploration expenses	(79.6)	(68.6)	(46.2)	(59.6)
General and administrative	(21.4)	(19.5)	(25.3)	(46.4)
Foreign exchange (losses) gains	(35.6)	2.3	3.2	6.6
Change in fair value of derivative	-	-	(432.5)	135.7
Gain on settlement of note receivable	103.0	-	-	-
Change in fair value of embedded derivatives	62.1	70.4	(36.8)	(20.0)
Net income (loss) from continuing operations	16.4	0.6	(492.5)	37.3
Income (loss) from discontinued operations	(9.1)	-	-	-
Net income (loss)	7.3	0.6	(492.5)	37.3
Net income (loss) per share - basic				
Continuing operations	$0.02	$0.00	($0.79)	$0.07
Discontinued operations	($0.01)	$0.00	$0.00	$0.00
Total	$0.01	$0.00	($0.79)	$0.07
Net income (loss) per share - diluted				
Continuing operations	$0.02	$0.00	($0.79)	$0.06
Discontinued operations	($0.01)	$0.00	$0.00	$0.00
Total	$0.01	$0.00	($0.79)	$0.06

	Quarter Ended			
	Sep-30 2010	Jun-30 2010	Mar-31 2010	Dec-31 2009
Revenue	$6.6	$17.7	$13.9	$9.9
Cost of sales	(14.9)	(13.2)	(20.3)	(8.5)
Exploration expenses	(48.1)	(39.5)	(71.4)	(67.2)
General and administrative	(15.0)	(14.7)	(8.3)	(15.0)
Foreign exchange gains (losses)	5.3	(4.9)	1.7	2.2
Change in fair value of embedded derivatives	49.8	72.2	(1.4)	(45.0)
Loss on conversion of convertible credit facility	-	-	(154.3)	-
Net income (loss) from continuing operations	(24.9)	(30.0)	(200.5)	(138.7)
Income (loss) from discontinued operations	-	-	6.6	9.2
Net income (loss)	(24.9)	(30.0)	(193.9)	(129.5)
Net income (loss) per share - basic				
Continuing operations	($0.05)	($0.06)	($0.44)	($0.32)
Discontinued operations	$0.00	$0.00	$0.01	$0.02
Total	($0.05)	($0.06)	($0.43)	($0.30)
Net income (loss) per share - diluted				
Continuing operations	($0.05)	($0.06)	($0.44)	($0.32)
Discontinued operations	$0.00	$0.00	$0.01	$0.02
Total	($0.05)	($0.06)	($0.43)	($0.30)

Ivanhoe Mines' results for the three months ended September 30, 2011, are contained in the unaudited Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, available on the 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.

QUALIFIED PERSON

Disclosures of a scientific or technical nature in this release and the Company's MD&A in respect to the Oyu Tolgoi Project were prepared by, or under the supervision of, Stephen Torr, P. Geo., an employee of the Company and a qualified person as defined in NI 43-101.

Information contacts
Investors: Bill Trenaman +1.604.688.5755 / Media: Bob Williamson +1.604.688.5755
Website: www.ivanhoemines.com

FORWARD-LOOKING STATEMENTS

Certain statements made herein, including statements relating to matters that are not historical facts and statements of our 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 overall construction of the Oyu Tolgoi Project is projected to be over 70% complete by the end of 2011; the statement that commercial production of copper-gold-silver concentrate is projected to begin in the first half of 2013; the statements concerning the expected timing of initial production from the Hugo North block-cave mine in 2015; statements related to the expansion of throughput capacity of the concentrator; statements concerning possible expansion scenarios for the Oyu Tolgoi Project; the statement that the electrical power transmission line stringing is expected to commence in spring 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 governments regarding importing electrical power from China; the statements concerning the development of alternative power generation arrangements relating to the Oyu Tolgoi Project if a timely agreement to secure electrical power from China is not secured by the Mongolian Government; the statements concerning the construction of a power plant at Oyu Tolgoi; statements concerning the anticipated sinking of Shaft #2; statements regarding the expectation of finalizing concentrate sales contracts in the next several months; 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 review and approval of the Oyu Tolgoi 2012 by both the Oyu Tolgoi Board of Directors and the Ivanhoe Mines Board of Directors; statements concerning the expectation that the 2012 budget is in line with the costs estimated for 2012 in the overall phase-one budget taking into account some shifts in timing of certain activities; statements regarding the timing of replacing the construction fleet with a mining fleet at the Oyu Tolgoi Project; the estimated delivery of the first ores from the Southern Oyu open pit to the concentrator; the schedule of receipt of permits, commercial arrangements and power-purchase tariffs from the Mongolian Government relating to energy, land use, a permanent airport and roads; initial production estimates; the Oyu Tolgoi Project's anticipated yearly production of copper and gold; the ability of Ivanhoe Mines to arrange acceptable financing commitments for the Oyu Tolgoi Project and the timing of such commitments; statements concerning the utilization of the interim funding facility provided by Rio Tinto and the repayment of the same from project financing; implementation of the Oyu Tolgoi Project's training, activities and development strategy; the composition of the Oyu Tolgoi production workforce; statements concerning mineralization potential and planned drilling activities at Ulaan Khud North; target milling rates, mining plans and production forecasts for the coal mine at Ovoot Tolgoi, Mongolia; the schedule for carrying out and completing an expansion of the production capability of the Ovoot Tolgoi Coal Project; anticipated outcomes with respect to the ongoing marketing of coal products from the Ovoot Tolgoi Coal Project; the statements concerning the expected ash yields that can be achieved from coal wet washing facility; the statements concerning the timing of the expected completion of the Ovoot Tolgoi coal-handling facility by mid-2012; the statements concerning the expected timing of construction and the intended capacity of the planned paved highway from Ovoot Tolgoi to the Mongolia-China border; the statements concerning SouthGobi's expected coal sales and prices in Q4'11; the statements concerning the commencement of the agreement between SouthGobi and Ejinaqi Jinda; the statements concerning the creation of a separate transport agreement regarding the transportation of medium and higher-ash coals processed though Ovoot Tolgoi's on-site dry coal handling facility, and the expected ash content and yield of these coals; the expected completion of major works of Ivanhoe Australia in late December, 2011; the expected completion of the access drive into the Little Wizard Deposit by Q4'11; the statements concerning the anticipated timing of production from Ivanhoe Australia's copper-gold business in mid-2012; the statements concerning the expected completion of all major copper-gold business development works by late December 2011; the statements concerning the sufficiency of Ivanhoe Australia's existing funds to fund its minimum obligations; the statements concerning the development and construction of the Merlin Project; the statements concerning the anticipated timing of the Mount Dore pre-feasibility study and the Mount Elliott scoping study; the statements that Altynalmas Gold's NI 43-101-compliant technical report is expected to be completed in early 2012; planned drilling on the Bakyrchik Mining Lease and the surrounding exploration licence; Ivanhoe Mines' position that its Shareholder Rights Plan is not in breach of Rio Tinto's existing contractual rights; statements concerning the anticipated ruling date of the arbitration; the expectation the lenders for Oyu Tolgoi Project financing will finalize their due diligence later this year; 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 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.