



**IVANHOE**  
**MINES**

January 14, 2002

## **MONGOLIA PROJECT UPDATE**

### **IVANHOE MINES TO PARTICIPATE IN CHINA-MONGOLIA STUDY OF CONSTRUCTION OF NEW RAIL LINE TO REACH OYU TOLGOI GOLD-COPPER DISCOVERY**

ULAAN BAATAR — Robert M. Friedland, Chairman of Ivanhoe Mines, announced today that Ivanhoe Mines will participate in a study, planned by the governments of Mongolia and China, of the proposed construction of a new rail link between Mongolia and China.

The proposed 290-kilometre line would link the Chinese city of Bayan Obo with Ivanhoe's gold and copper discovery at Oyu Tolgoi in southern Mongolia. The line potentially could be extended to the large Tavan Tolgoi coal deposit held under licence by a private Mongolian mining group. Bayan Obo is connected to the Chinese national railway network and is approximately 100 kilometres north of Baotou, a major industrial centre serving a large, regional steel industry. (See accompanying map).

The proposed line was discussed at a recent meeting in Beijing between the Mongolian Prime Minister, Nambaryn Enkhbayar and China's Minister of Railways, Fu Zhihuan, held as part of a visit to China by a Mongolian government delegation. The delegation also met with President Jiang Zemin, Premier Zhu Rongji and numerous other high-ranking officials. Mr. Friedland and Howard Balloch, an adviser to Ivanhoe Mines and formerly Canada's ambassador to China and Mongolia, attended the meeting that discussed railway infrastructure.

During his visit, Prime Minister Enkhbayar proposed strengthening bilateral ties between the two countries to benefit such economic sectors as mining and the construction of infrastructure, including railways, news reports said. Mongolia's economic development potential was acknowledged by President Zemin.

Mr. Friedland said that completion of the proposed rail link would be a catalyst for new, international investment in the development of Mongolia's resources, and would give Ivanhoe a strategic, geographic advantage when it was established as a copper producer in Mongolia.

"Given that China is the world's largest importer of copper, the location of the Oyu Tolgoi deposit on China's doorstep means that Mongolian copper could be quickly and efficiently delivered to markets in China and to export terminals serving major Asian consuming nations, such as South Korea and Japan. It could influence the future of the global copper market and put Mongolia, and Ivanhoe, in an unassailable, long-term competitive position in the development of their respective mineral interests."

A 1999 study by BHP estimated that it would cost US\$94.7 million to build a rail line from Bayan Obo in China across generally flat terrain to serve future mines in Mongolia's southern Gobi region. The line would cover approximately 290 kilometres between Bayan Obo and Oyu Tolgoi and, if required, continue an additional 126 kilometres northwest to the proposed coal development at Tavan Tolgoi.

Tavan Tolgoi is a large, high-quality coking and thermal coal deposit with the potential to supply clean thermal coal for on-site power generation to provide electricity for a future gold and copper mine at Oyu Tolgoi and other projects being developed by Ivanhoe Mines in southern Mongolia, and to supply coking and/or steam coal to China.

Ivanhoe is currently conducting infill drilling of the Southwest Oyu deposit, a portion of the Oyu Tolgoi (Turquoise Hill) Project, to better define the geometry, dimensions and grade of the high-grade Discovery Zone. Ivanhoe has commissioned an independent resource estimate for an initial open pit centred on the high-grade gold and copper zone.

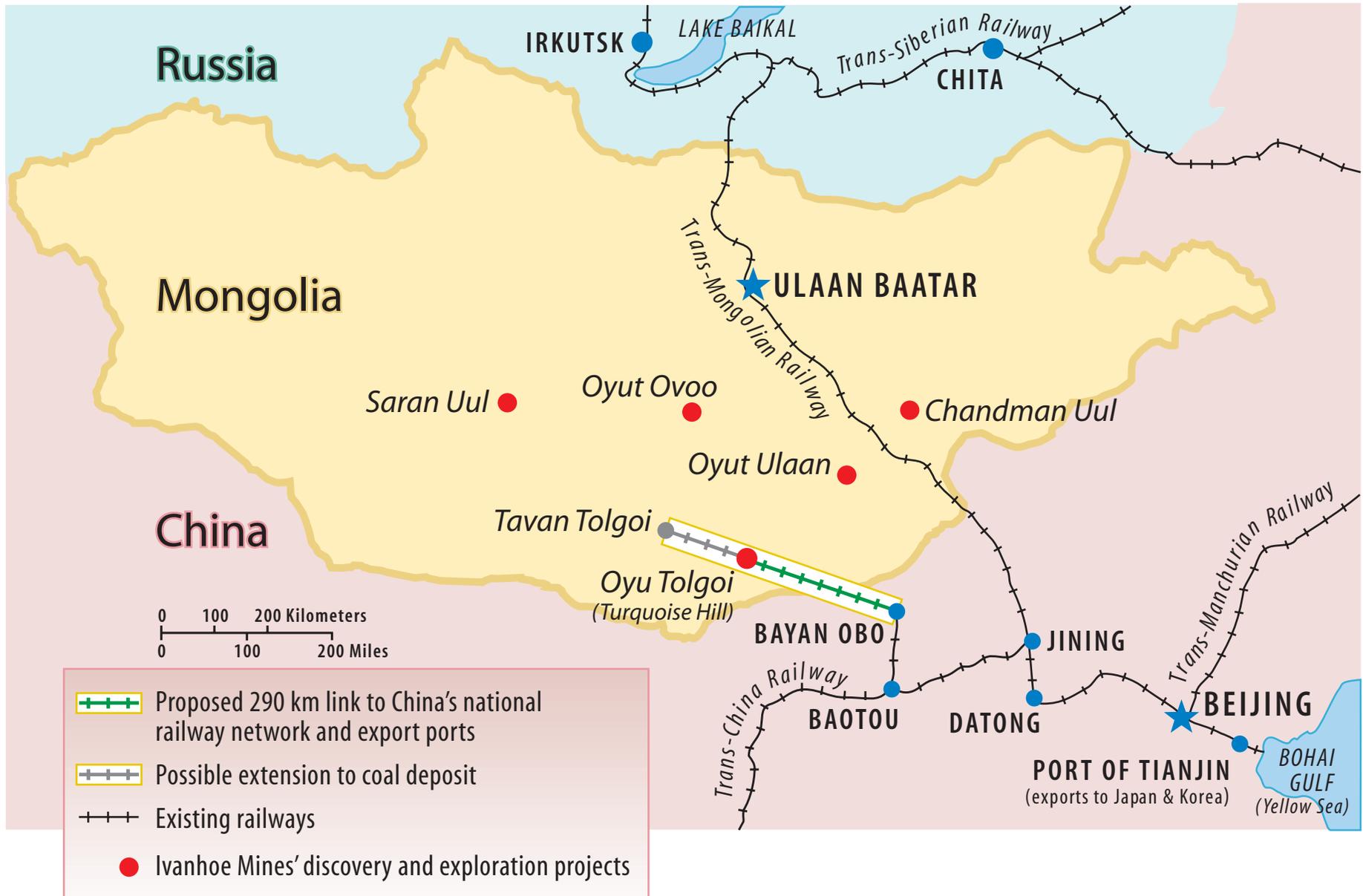
- In a separate development, Mr. Friedland welcomed the recent announcement by the Mongolian government that it has rescinded its 10% value-added tax on gold. Mr. Friedland said that Ivanhoe and other international mining companies had urged the government to end the tax, introduced in 1998, and said that the move would be a further incentive to international investors to support expanded mineral exploration and development activities in Mongolia.

Ivanhoe shares are traded on the Toronto and Australian stock exchanges under the symbol IVN.

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# Existing and Proposed Railways



-  Proposed 290 km link to China's national railway network and export ports
-  Possible extension to coal deposit
-  Existing railways
-  Ivanhoe Mines' discovery and exploration projects