

**IVANHOE**

**M I N E S**

**Kay Priestly, Chief Executive Officer**

**Chris Bateman, Chief Financial Officer**

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**June 2012**



# Forward-looking statements

This presentation includes certain “forward-looking statements.” All statements, other than statements of historical fact, are forward-looking statements that involve various risks and uncertainties. There can be no assurances that such statements will prove accurate and actual results and future events could differ materially from those anticipated in such statements. Such information contained herein represents management’s best judgment as of the date hereof based on information currently available. The company does not assume the obligation to update any forward-looking statement. For a more detailed list of specific forward-looking statements applicable to the company, refer to the “Forward-Looking Statements” section of the Rights Offering prospectus.

## **Cautionary Note to U.S. Investors**

The United States Securities and Exchange Commission permits U.S. mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. We use certain terms on this website such as "measured," "indicated," and "inferred" "resources," which the SEC guidelines generally prohibit U.S. registered companies from including in their filings with the SEC. U.S. investors are urged to consider closely the disclosure in our Form 40-F which may be secured from us, or from the SEC's website at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml).

## **Qualified Persons**

The technical information in this presentation is derived from Ivanhoe’s news releases, each of which has been reviewed by one or more qualified persons (QPs), as defined by NI 43-101. Copies of the releases naming the QPs for the Ivanhoe group of companies are available at SEDAR ([www.sedar.com](http://www.sedar.com)) or on the companies’ websites.

IVANHOE



# Ivanhoe Mines Board of Directors

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**Dr. David Klingner**  
Chairman  
(Independent)



**Jill Gardiner**  
(Independent)



**Peter Gillin**  
(Independent)



**Andrew  
Harding**



**Isabelle  
Hudon**  
(Independent)



**Dan Larsen**



**Livia Mahler**  
(Independent)



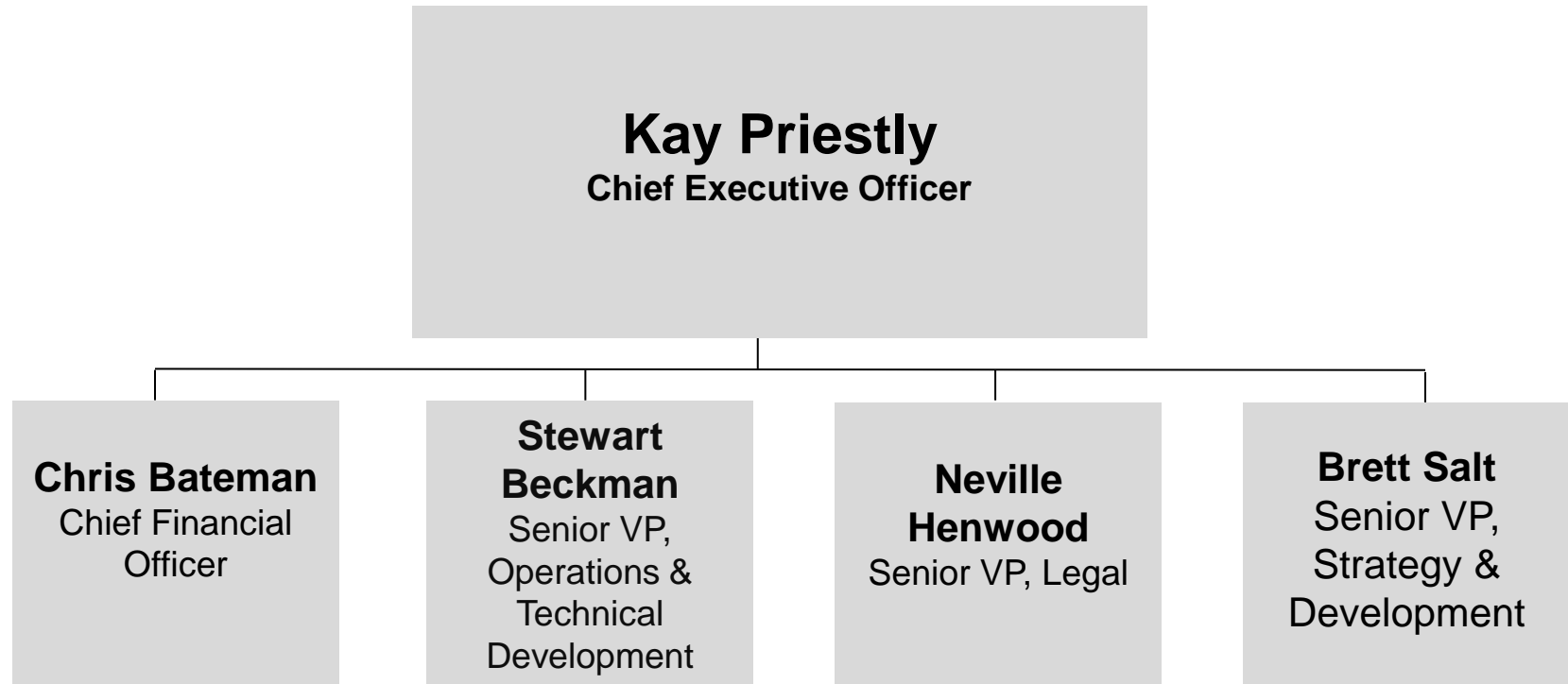
**Peter Meredith**



**Kay Priestly**

# Ivanhoe Mines Senior Management

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# Ivanhoe's Project Portfolio



- **OYU TOLGOI PROJECT, MONGOLIA**  
Copper-gold mining complex under construction, with ongoing regional exploration (Oyu Tolgoi LLC, 66%-owned by Ivanhoe Mines).
- **OVOOT TOLGOI MINE, MONGOLIA**  
Thermal and coking coal exports to China, with continuing exploration and development (SouthGobi Resources, 58%-owned by Ivanhoe Mines).
- **KYZYL GOLD PROJECT, KAZAKHSTAN**  
Development underway of established gold resources (Altynalmas Gold, 50%-owned by Ivanhoe Mines).
- **CLONCURRY PROJECT, AUSTRALIA**  
Copper-gold-molybdenum-rhenium discoveries, mine development and exploration (Ivanhoe Australia, 59%-owned by Ivanhoe Mines).
- **TENNANT CREEK, AUSTRALIA**  
Regional and ongoing exploration on major, established gold field (Ivanhoe Australia, 59%-owned by Ivanhoe Mines).
- **ONGOING EXPLORATION**  
Various projects in Indonesia and the Philippines.



# **Comprehensive financing plan provides funds to continue development of Oyu Tolgoi**

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- **Comprehensive funding plan expected to fund the completion of phase 1 and phase 2 development**
- **\$1.8 billion rights offering**
  - **Supported by Rio Tinto**
  - **Rio Tinto provided standby commitment for full \$1.8 billion, subject to certain limitations**
- **\$3-4 billion project financing**
  - **Completion support agreed with Rio Tinto, subject to receiving more favorable terms**
  - **Targeting completion end of 2012**
  - **Rio Tinto lead negotiator**
- **\$1.5 billion bridge-loan facility**
  - **To be repaid with funds from project financing**
- **Issued Series D warrants to Rio Tinto**
  - **Exercise price at US\$10.84 per share, subject to adjustment following rights issue**

# **Rights offering details and dates**

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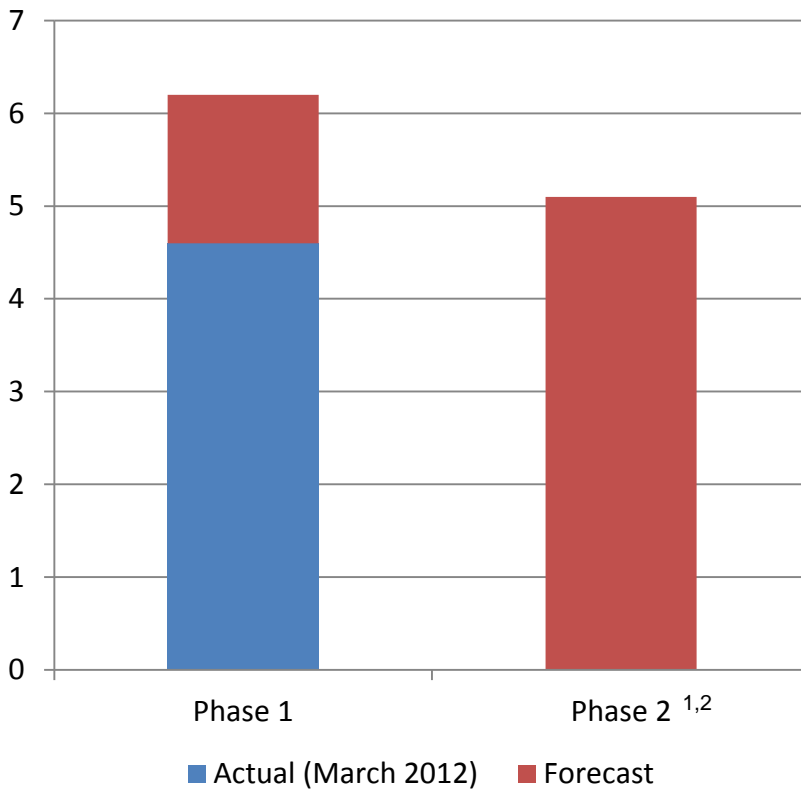
Ratio of rights to common shares	Every 20 rights will entitle the holder to purchase seven common shares
Subscription price	US\$7.00 or CDN\$7.17
New common shares issued	Approximately 260 million common shares
Gross proceeds	US\$1.8 billion (assuming all rights exercised or purchase of all standby shares by Rio Tinto)
Use of proceeds	Continue the development of the Oyu Tolgoi Project
Rights trading ends	July 19, 2012 (TSX)    July 18 (NYSE & NASDAQ)
Expiry time & date	5:00 p.m. Eastern Standard Time (EST) on July 19, 2012
Closing date	July 19, 2012
Subscription agent	CIBC Mellon

# Phase 1 and 2 remaining capital costs estimated to total \$6.7 billion

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## Capital expenditure

\$ billions



## Phase 1 capital expenditure

- Completion of open pit
- 100ktpd concentrator capacity
- Lateral underground development to June 2012
- Completion of Shaft #2

## Phase 2 capital expenditure

- Complete Hugo Lift #1
- Expansion of concentrator to 160ktpd
- Dedicated coal-fired power plant

1) Based on IDOP technical report and subject to final feasibility study which is expected to be completed in the second half of 2012.

2) Capital expenditure through 2018, per IDOP technical report.



# New and existing funding measures could provide up to \$4.4 billion

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Item	\$ billions
Project finance	\$3.0 - 4.0
Interim finance facility drawn (May 2012)	\$1.4
Net expected to be provided by project finance	\$1.6 to 2.6
Expected from rights offering	\$1.8
Total expected funding from project financing and rights offering	Up to approx. \$3.4 to 4.4
Bridge loan provided by Rio Tinto	\$1.5

# Oyu Tolgoi just 80 km from China border



# The rise of a giant in only two years

**July 2010**



**August 2011**



**June 2012**





# Now, in 2012, we're counting down to start up

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- Overall construction topped 86% completion at the end of May 2012
- Mining and stockpiling of first ore began in April 2012
- Initial production from phase 1 open pit mine in second half of 2012
- Start of commercial production planned in first half of 2013
- Phase 2 feasibility study expected to be completed in second half of 2012
- Production from Hugo Dummett phase 2 underground mine expected to follow in 2016



# Infrastructure for a world-scale mine

## Permanent regional airport ▶

- 100-passenger terminal
- Concrete runway to handle Boeing 737-sized aircraft
- Control tower and hangar for passenger aircraft



## High-power transmission lines ▶

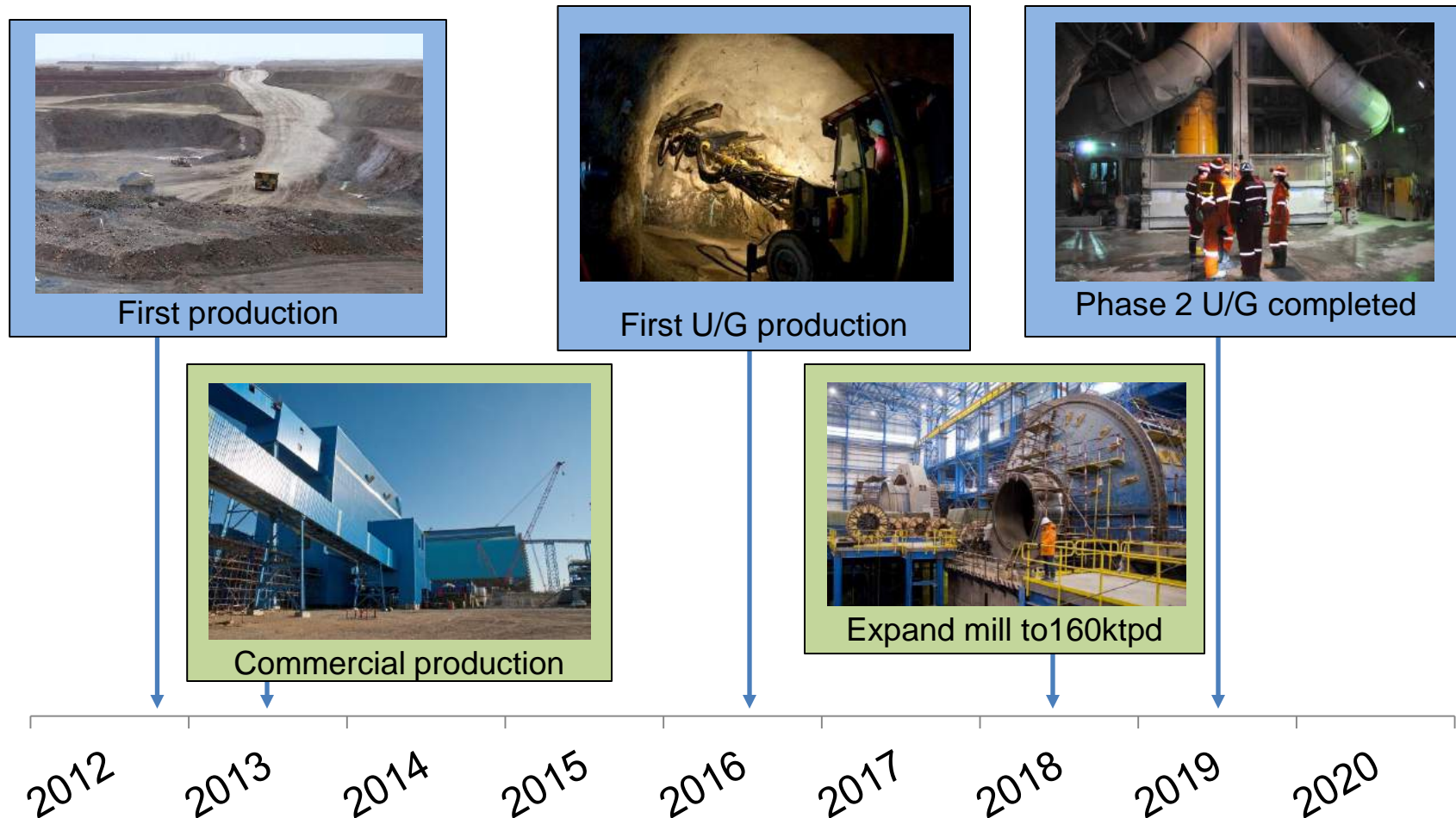
- 95-km 220-kV line to link with Inner Mongolian power grid

## 105-km highway to China

- Paved highway to the Mongolia-China border will facilitate the initial export of concentrate



# Oyu Tolgoi development timeline

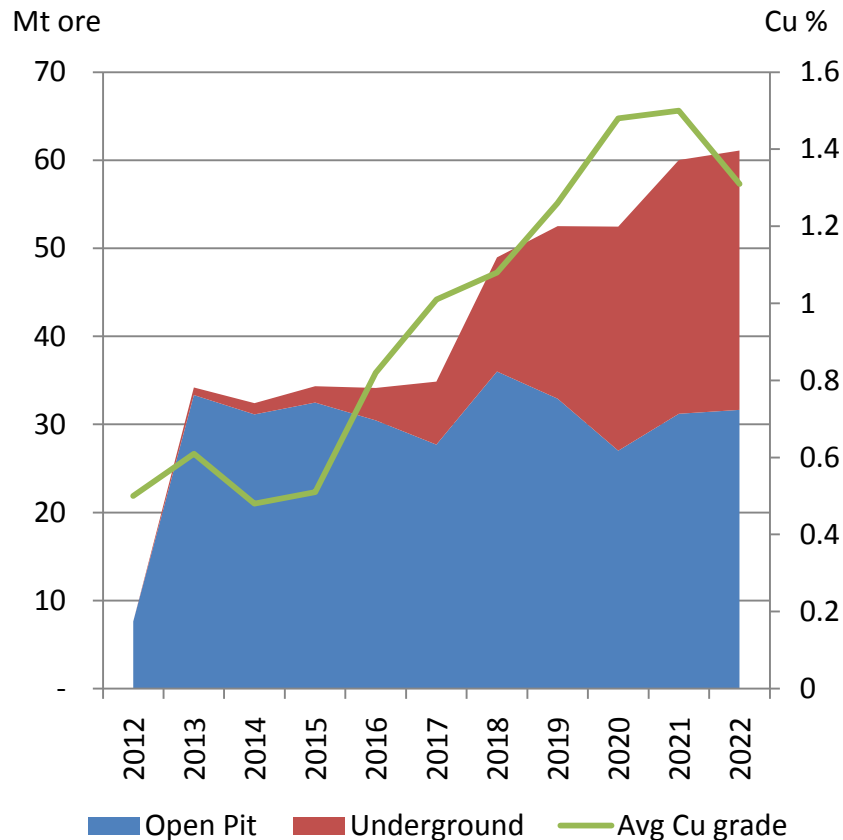


Based on IDOP. The feasibility study (DIDOP) is expected to be completed by the end of 2012.

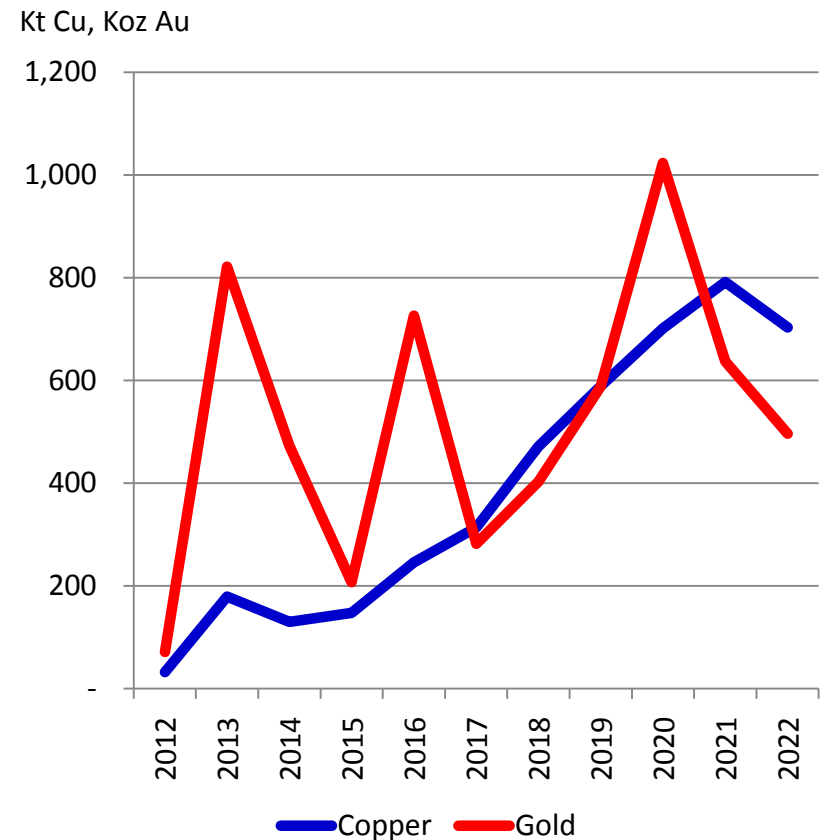


# Oyu Tolgoi average copper and gold production of 427kt and 568koz, respectively, in first 10 years<sup>1</sup>

## Source of ore processed<sup>2</sup>



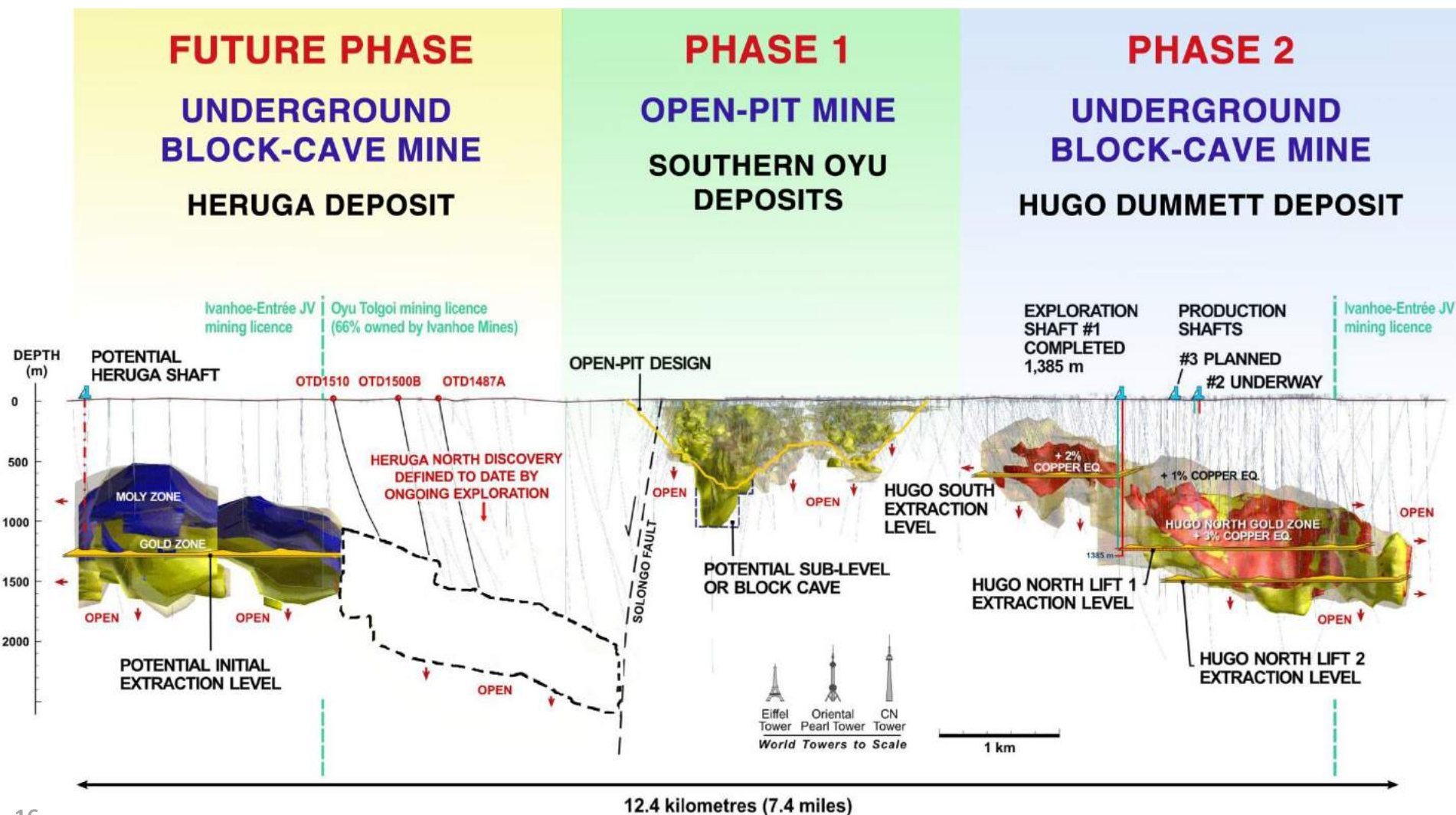
## Copper and gold production<sup>2</sup>



1) From 2013 when commercial production begins.

2) Based on IDOP technical report and subject to final feasibility study which is expected to be completed in the second half of 2012.

# Oyu Tolgoi is a world-class deposit with options for expansion



# Supporting social development through jobs and community support

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- Mongolians will fill at least 90% of the jobs at Oyu Tolgoi during operations
- US\$85 million technical and vocational training program underway
- Domestic and international scholarship programs for Mongolian students
- Established community partnerships and support programs to promote sustainable communities



# Strategic review underway on other assets

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## **SouthGobi Resources (57.6% owned)**

- Chalco intends to make a proportional takeover bid for up to 60%, but not less than 56%, at C\$8.48
- Proportional takeover offer is subject to statutory and regulatory approval



## **Ivanhoe Australia (58.9% owned)**

- Began production at Osborne in Q1 2012
- Engaged UBS to assist with securing a strategic partner



## **Kyzyl Gold Project (50% owned)**

- Independent feasibility study in February 2012



# Conclusion



- **Oyu Tolgoi making good progress**
  - **Construction 86% complete**
  - **First production expected in H2 2012 with commercial production in H1 2013**
  - **Power line infrastructure to be completed by July 2012**
  - **Mongolian and Chinese discussions for power purchase agreement ongoing**
  - **Smelting contracts for 75% of expected production**
- **Comprehensive funding plan expected to fund the completion of phase 1 and phase 2 development**
- **Strategic review on other assets underway**
- **New Board of Directors and management focused on the continued development of Oyu Tolgoi**

# Holders in Non-prospectus Jurisdictions

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Exercise of Rights will be accepted only from holders of Rights with an address of record in a Prospectus Jurisdiction, except where the Company determines that the offering to and subscription by a Non-Prospectus Holder is lawful and made in compliance with all securities and other laws applicable in the Non-Prospectus Jurisdiction where such Non-Prospectus Holder is resident. We refer to such Non-Prospectus Holder as a “Qualified Holder”.

Registered Shareholders that wish to be recognized as Qualified Holders must contact the Subscription Agent at the earliest possible time, but in no event after 4:30 p.m. (Eastern time) on July 10, 2012 in order to satisfy the Company that such holders are Qualified Holders. From and after 9:00 a.m. (Eastern time) on July 11, 2012, the Subscription Agent will attempt to sell the Rights of registered Non-Prospectus Holders that have not demonstrated that they are Qualified Holders, on such date or dates and at such price or prices and in such markets as the Subscription Agent determines in its sole discretion. The Subscription Agent will convert or cause to be converted any proceeds denominated in Canadian dollars into United States dollars at the prevailing exchange rate on the date of distribution and, after deducting any expenses incurred by the Subscription Agent in connection with such conversion, distribute all proceeds in United States dollars to the registered Non-Prospectus Holders on a pro rata basis.



# Risk factors

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- A Shareholder may suffer significant dilution
- No prior trading market for Rights
- Rio Tinto's agreement to exercise its Basic Subscription Privilege and provide the Standby Commitment may be terminated under certain circumstances
- Hedging transactions in connection with the Cash-Settled Contract may affect the trading price of our Common Shares
- Exercises of Rights may not be revoked
- A large number of Common Shares may be issued and subsequently sold upon the exercise of Rights
- The sale of Common Shares issued upon exercise of Rights could encourage short sales by third parties which could depress the price of the Common Shares
- The Subscription Price is not necessarily an indication of value
- A decline in the market price of the Common Shares may occur
- Subscribers outside of Canada or the United States are subject to exchange rate risk
- Rio Tinto, as the holder of a majority of the Company's Common Shares and manager of the Oyu Tolgoi Project, controls the business and affairs of the Company and OT LLC
- The actual cost of developing the Oyu Tolgoi Project may differ materially from the Company's estimates and involve unexpected problems or delays
- Lack of sufficient electrical power and transportation infrastructure in proximity to the Oyu Tolgoi Project could adversely affect mining feasibility
- The Company may be limited in its ability to enforce the Investment Agreement against Mongolia, a sovereign government
- The Investment Agreement includes a number of future covenants that may be outside of the control of the Company to complete
- The Oyu Tolgoi Project is operated as a corporate/government joint venture and is subject to joint venture risk
- The disclosed resource and reserve estimates for the Company's projects disclosed in the AIF are estimates only and are subject to change based on a variety of factors, some of which are beyond the Company's control. The Company's actual production, revenues and capital expenditures may differ materially from these estimates.

# Risk factors

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- Mining projects are sensitive to the volatility of metal prices
- The Company's ability to carry on business in Mongolia is subject to legal and political risk
- There is no assurance that the Company will be able to complete the sale of its equity interest in SGQ pursuant to Chalco's SGQ Takeover Bid
- Recent and future amendments to Mongolian laws could adversely affect the Company's mining rights in the Oyu Tolgoi Project or make it more difficult or expensive to develop the project and carry out mining
- Under Mongolia's Resolution 175, the Government of Mongolia may seek contribution or reimbursement from OT LLC for compensation it provides to third parties adversely affected by the Resolution
- Changes in, or more aggressive enforcement of, laws and regulations could adversely impact the Company's business
- The Company is subject to substantial environmental and other regulatory requirements and such regulations are becoming more stringent. Non-compliance with such regulations, either through current or future operations or a pre-existing condition could materially adversely affect the Company
- Previous mining operations may have caused environmental damage at the Company's current and former mining projects, and if the Company cannot prove that such damage was caused by such prior operators, its indemnities and exemptions from liability may not be effective
- The Company's ability to obtain dividends or other distributions from its subsidiaries may be subject to restrictions imposed by law, foreign currency exchange regulations and financing arrangements
- The Government of Mongolia T-Bill may remain illiquid beyond the stated maturity date
- There can be no assurance that the interest held by the Company in its exploration, development and mining properties is free from defects or that material contractual arrangements between the Company and entities owned or controlled by foreign governments will not be unilaterally altered or revoked
- Competition for new mining properties by larger, more established companies may prevent the Company from acquiring interests in additional properties or mining operations
- The Company does not expect to pay dividends for the foreseeable future

# Risk factors

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- There is no assurance that the Company will be capable of consistently producing positive cash flows
- There is no guarantee that any exploration activity will result in commercial production of mineral deposits
- The Company cannot insure against all of the risks associated with mining
- The Company is exposed to risks of changing political stability and government regulation in the countries in which it operates
- The Company's prospects depend on its ability to attract and retain key personnel
- Certain directors of the Company are directors or officers of, or have significant shareholdings in, other mineral resource companies and there is the potential that such directors will encounter conflicts of interest with the Company
- Capital markets are volatile
- The Company is subject to Anti-Corruption Legislation
- The Company may become a passive foreign investment company, which could have adverse U.S. federal income tax consequences to United States Holders of Common Shares
- The Company holds substantial funds in cash and cash equivalents and there is a risk that financial market turmoil or other extraordinary events could prevent the Company from obtaining timely access to such funds or result in the loss of such funds