

April 26, 2007

Dear Ivanhoe Mines Shareholder:

I am writing on behalf of Amnesty International to inform you of our support for two shareholder proposals that were submitted by investors to Ivanhoe Mines. The proposals deal with two key issues: human rights in **Mongolia** and Ivanhoe's environmental legacy in **Myanmar** (also called Burma).

Ivanhoe Mines' Annual General Meeting takes place on May 11th, 2007 in Vancouver, BC. Unfortunately, Ivanhoe Mines' management has refused to circulate the resolutions to its shareholders. Amnesty International, as well as the two shareholders, believes that the company should allow the resolutions to be circulated in good faith and provide opportunity for shareholders to vote on them at the annual shareholders meeting. These issues are important and could negatively impact the company's reputation. I would like to describe the two resolutions to you.

Myanmar (Burma):

This proposal asks the company to describe in detail its remediation plan for the Monywa Copper mine and other sites. As you are aware, Ivanhoe Mines moved its Myanmar assets into the Monywa Trust this year in order to concentrate resources in its new copper-gold mine – the Oyu Tolgoi Project – in Mongolia. While the Myanmar assets have been transferred to the newly created Trust, a subsidiary of Ivanhoe remains the main beneficiary of a large percentage of ongoing profits as well as from the sale of the mine. Ivanhoe retains the moral obligation to see to their clean up¹.

Amnesty International is one of many international organizations that hold grave concerns about the appalling human rights situation in Myanmar. We are also deeply concerned about the rights of people and communities to a healthy environment in which they can pursue their right to livelihood. Companies have a responsibility to the communities where they do business to ensure that adequate remediation of industrial activities occurs, regardless of whether or not the company has sold its interest in the project.

In a climate in which human rights are routinely and systemically abused, there is little evidence that the Myanmar government takes environmental concerns seriously. Leftover mine site contamination – often through polluted water sources – threatens the livelihoods of subsistence farmers the world over. The shareholder is concerned that contamination from the Monywa Copper mine site, which Ivanhoe Mines ran in a joint 50-50 venture with the Myanmar military government for over 10 years, may adversely impact the health of families in the mine's vicinity.

The shareholder proposal that Ivanhoe Mines rejected merely asked that Ivanhoe Mines Ltd. report to shareholders on the company's remediation commitments. It did not suggest that the company has refused to clean up its former operations in Myanmar. Rather, publicly released information concerning the transfer of assets into the Monywa Trust does not document how either Ivanhoe or the Monywa Trust will ensure the clean up of the contaminated sites. The shareholder who filed this resolution believes it is in his – and the company's - best interests to report to shareholders on the company's remediation commitments.

Mongolia:

The second resolution was filed by a shareholder who asked the company to describe its human rights policy and management practices in Mongolia. Amnesty International is keeping a close eye on Mongolia and the expansion of foreign mining operations there as the country shifts into a market-based economy. Without a human rights management framework, shareholders are exposed to significant legal and reputational risks should human rights violations occur in the company's operations.

The *OECD Guidelines for Multinational Enterprises* state that "enterprises shall ... respect the human rights of those affected by their activities consistent with the host government's international obligations and commitments."

In addition, the draft *UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights* state that "within their respective spheres of activity and influence,

¹ For more information on Ivanhoe's obligations, please see: Environment, Health & Safety Report 1999-2000, issued by MICCL, pp 21-22 and also: Environment, Health and Safety Report 2000-2001, issued by MICCL, pp.33; <http://www.ivanhoe-mines.com/i/pdf/EHS-Report00-01.pdf>

transnational corporations and other business enterprises have the obligation to promote, secure the fulfillment of, respect, ensure respect of and protect human rights recognized in international as well as national law."

In Ivanhoe's own Mongolia risk assessment analysis, arbitrary, inconsistent or unfair application of the law and lack of access to legal remedies were cited as possible risks to investment in the country. Furthermore, the US Department of State reported in 2006 that arbitrary detention and arrest are common, law enforcement agencies are corrupt, and that corruption and outside influence prevent fair public trials. The report states:

"The National Commission on Human Rights repeatedly criticized the government for abuses of the power of arrest and detention, poor conditions in detention and prison facilities, lengthy detentions without trial, and failure to implement laws related to human rights. The reports also faulted parliament and the courts for *failing to protect human rights fully*." ²

In its 2006 *Annual Report*, Amnesty International documented allegations of violence against peaceful protestors by the security personnel of a private mining company:

"In May and July, private security forces employed by the Mongol Gazar Mining Company in Arkhangai province allegedly dispersed unarmed demonstrators with tear gas, batons and shots fired in the air. Activists were protesting that mining would harm water resources and destroy ancestral burial grounds. Security agents were said to have thrown one woman to the ground and kicked her; struck and injured other protesters with batons, handcuffs and rifle butts; and wrecked a television reporter's camera".³

The authorities reportedly failed to investigate the alleged assaults.

Amnesty International Canada is taking this opportunity to notify Ivanhoe's shareholders about the investor proposals that the company's management chose to exclude from its proxy circular. Amnesty International is asking Ivanhoe's shareholders to raise this important issue with management during the question period at the AGM. We also encourage shareholders to contact the company's management in advance of the AGM, to express concern about this important issue.

Please let us know if you decide to raise this issue with Ivanhoe's management, and feel free to contact Amnesty International Canada if you have any questions.

Sincerely,

Tara Scurr
Amnesty International Canada
Business and Human Rights

Enclosed: Shareholder proposals. Submitted February 2007. Excluded by Ivanhoe Mines' management, February 2007.

² US State Department, Bureau of Democracy, Human Rights and Labour, Country Report on Human Rights Practices, 2006; pp. 7. <http://www.state.gov/g/drl/rls/hrrpt/2006/78783.htm>

³ Amnesty International Annual Report 2006, Mongolia, <http://web.amnesty.org/report2006/mng-summary-eng#4>