INVESTMENT AGREEMENT

BETWEEN

THE GOVERNMENT OF MONGOLIA

AND

IVANHOE MINES MONGOLIA INC LLC

AND

IVANHOE MINES LTD

AND

RIO TINTO INTERNATIONAL HOLDINGS LIMITED

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6. өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

INVESTMENT AGREEMENT

In accordance with Article 29 of the Minerals Law of Mongolia (hereinafter referred to as the "**Minerals Law**"), Resolution Number 40 dated 4 December 2008 and Resolution Number 57 dated 16 July 2009 respectively of the State Great Khural and Government Resolution Number 308 dated 6 October 2009:

The Minister of Finance, the Minister of Mineral Resources and Energy and the Minister of Nature, Environment and Tourism, together representing and upon authorization of the Government of Mongolia;

and

Ivanhoe Mines Mongolia Inc LLC (hereinafter referred to as the "**Investor**");

and

Ivanhoe Mines Ltd (hereinafter referred to as "**Ivanhoe Mines Ltd**");

and

Rio Tinto International Holdings Limited (hereinafter referred to as "**Rio Tinto**");

have entered into this Agreement on this 6th day of October 2009;

Having regard to the following:

The Investor having invested a significant amount of capital in the OT Project through the financial capability of Ivanhoe Mines Ltd and Rio Tinto;

Article 4.1.12 of the Minerals Law and Resolution Number 27 of the State Great Khural dated 6 February 2007;

The Private Placement Agreement dated 18 October 2006 between Ivanhoe Mines Ltd and Rio Tinto (as amended);

The purpose of this Agreement being to define and regulate a relationship in regard to maintaining for a certain period a stable Tax and operational environment, the sale of Products at international market prices by the Investor, the guarantee of the Investor's right to use and spend its income at its own discretion, the amount and term of the investment, the undertaking of mining activities with minimum damage to the environment and human health, the rehabilitation of the environment, not to have a negative effect on other industries and operations, the social and economic development of the Southern Gobi region and creation of new jobs, the creation of business opportunities for Mongolian companies and individuals, compensation for damages to property, basis for the termination of this Agreement, and rights and obligations of the

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот
Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

Parties during the period of exploring, mining and processing operations within the Contract Area;

Resolution Number 57 of the State Great Khural dated 16 July 2009 has resolved to authorise the Government to enter into this Agreement and upon such entry, the rights and obligations under this Agreement shall be binding on the Parties with the agreement being as follows:

1. CHAPTER ONE: GENERAL

1.1. Except as provided by Clause 15.26, this Agreement shall come into effect on and from the Effective Date and remain in effect, in accordance with Article 29.3 of the Minerals Law, for an initial period of 30 (thirty) years.

1.2. The Investor shall have a right to apply for and obtain from competent authorities in accordance with relevant laws and regulations of Mongolia all leases, licenses, permits, work visas, customs clearance, easements and rights of way (permits for land to be used for road corridors and road facilities), approvals of competent authorities and other similar consents required in connection with the OT Project ("**Permits**") and the Government shall provide support requested by the Investor in this respect and shall resolve the Investor's applications to obtain such Permits in accordance with relevant laws and regulations of Mongolia.

1.3. Except as provided by Clause 2.24.2, Taxes payable by the Investor shall remain Stabilized (as described in Clause 2.1 and Clause 2.24).

1.4. The Investor is hereby granted the rights to market, sell and export its Products at international market prices and to freely expend and repatriate its sale proceeds in Mongolian togrogs and foreign currencies.

1.5. This Agreement applies to the whole range of the Investor's activities in connection with the OT Project that includes prospecting and exploring within the Contract Area, separating and mining minerals from land surface and subsoil, construction and operation of infrastructure for transportation, power, water and other infrastructure facilities, processing (including crushing, grinding, floating and filtering), producing Products, marketing, mine closure, rehabilitation, ore stockpiling, waste and tailings management and all other connected activities (hereinafter referred to as the "**Core Operations**").

1.6. The State shall own 34% (thirty four percent) of the common shares in the Investor, and, within 1 (one) year after this Agreement is extended in accordance with Clause 15.11, have the option to own a further 16% (sixteen percent) of the common shares in the Investor, on terms mutually agreed as contained in the Shareholders' Agreement. The State warrants that this Clause 1.6 satisfies all obligations under laws or resolutions of the State Great Khural to issue or transfer shares in the Investor to the Government.

1.7. The Investor shall use its best endeavours in the course of its operations to promote development of the Southern Gobi region, including the creation of employment opportunities.

1.8. The State agrees that the signing of this Agreement and the Shareholders' Agreement, and the issue of common shares in the Investor equal to 34% (thirty four percent) of the total common share capital of the Investor to the State pursuant to the Shareholders'

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

Agreement, satisfies all of the obligations of the Investor under Article 5.5 of the Minerals Law.

1.9. The obligations under Article 5.6 of the Minerals Law are to be fulfilled under clause 15.3(c) of the Shareholders' Agreement, and the Government shall be liable for, and assume the obligations for, any failure of SHC to meet the requirements of clause 15.3(c) of the Shareholders' Agreement.

1.10. Any relationship which is not governed by this Agreement shall be regulated by the effective laws and regulations of Mongolia, and the international treaties to which Mongolia is a party.

1.11. The Investor has the right to conduct the operations of mining and processing minerals from the underground mine area and the open pit mine area, and producing Products, within mining license 6709A of the Oyu Tolgoi Deposit. The reserves for these areas are registered in the national registry of reserves, and the Feasibility Study for these areas has been submitted to the State administrative authority in charge of geology and mining for its consideration in accordance with existing laws and regulations. Consideration of the Feasibility Study will be concluded in 150 (one hundred and fifty) days from the date of submission.

1.12. The terms used in this Agreement shall be construed in accordance with Chapter 16 (Sixteen).

2. CHAPTER TWO: TAXATION ENVIRONMENT

2.1. Except as provided elsewhere in this Agreement, the Investor shall only be subject to the Taxes listed in Article 7 of the General Taxation Law as in force on the date of this Agreement. The Parties agree that, in accordance with Article 29.1.1 of the Minerals Law, the following Taxes are Stabilized (the "**Stabilized Taxes**"):

2.1.1. Income tax of business entities (corporate income tax);
2.1.2. Customs duty;
2.1.3. Value-added tax;
2.1.4. Excise tax (except as provided for in Clause 2.23);
2.1.5. Payment for use of mineral resources (royalty) (as specified in Clause 3.13);
2.1.6. Payment for mineral exploration and mining licenses;
2.1.7. Immovable property tax and/or Real Estate Tax; and
2.1.8. Tax on price increase of some products, which as from 1 January 2011 shall be invalidated by the WPT Invalidating Law.

Taxes listed in Article 7 of the General Taxation Law (as in force on the date of this Agreement) not listed above will be payable in accordance with the laws and regulations effective in that tax year of Mongolia (the "**Non-Stabilized Taxes**").

2.2. Tax to be withheld as a result of the Corporate Income Tax Law shall be calculated at the rates specified in the respective clauses of the Corporate Income Tax Law (as in force on the date of this Agreement), which includes in accordance with any applicable double tax treaties as applied by Article 2.2 of the General Taxation Law, and which rates shall be Stabilized.

Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

2.3. Non-Stabilized Taxes to which the Investor is subject shall apply to the Investor on a non-discriminatory basis. Taxes to which the Investor's Affiliates, Contractors or Subcontractors, or their respective employees, are subject, shall apply to that taxpayer on a non-discriminatory basis. A Tax, or the levying of a particular Tax, will be considered as discriminatory if that taxpayer is subjected to taxation (including rate), or taxation requirement, that is more burdensome than the taxation and/or requirements to which other enterprises, companies, taxpayers or employees may be subjected to, or which differentiates that taxpayer's Tax burden from that of other taxpayers by reason of the unique size, or number, of such entity's operations.

2.4. The Investor shall not be subject to or liable to pay the following Taxes after the date of this Agreement:

2.4.1. Taxes that are not listed in Article 7 of the General Taxation Law at the date of this Agreement;

2.4.2. Taxes arising from an amendment or addition to any law or regulation establishing a Non-Stabilized Tax to levy Taxes that are not listed in Article 7 of the General Taxation Law at the date of this Agreement; and

2.4.3. Taxes arising from an amendment or addition to any law or regulation establishing a Non-Stabilized Tax to levy a Tax of the nature of a Stabilized Tax.

2.5. The annual taxable income of 0-3.0 billion togrogs of the Investor taxable under Corporate Income Tax Law shall be taxed at the rate of 10% (ten percent). If annual taxable income exceeds 3.0 billion togrogs it shall be 300.0 million togrogs plus 25% (twenty five percent) of taxable income exceeding 3.0 billion togrogs.

2.6. The Tax specified in Clause 2.1.8 shall not be payable by the Investor from 1 January 2011.

2.7. Tax shall be imposed on the following income of the Investor at the following rates:

2.7.1. Dividends shall be taxed at the rate of 10% (ten percent);

2.7.2. Income from royalties shall be taxed at the rate of 10% (ten percent);

2.7.3. Income from disposal of an immovable property shall be taxed at the rate of 2% (two percent);

2.7.4. Income from interest shall be taxed at the rate of 10% (ten percent);

2.7.5. Income from sale of rights shall be taxed at the rate of 30% (thirty percent).

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

2.8. Without affecting Clause 2.27 and the rights of the Investor to avail itself of applicable double tax treaties, the Parties agree that, for the purposes of tax required to be withheld by the Investor under Article 17.2.9 of the Corporate Income Tax Law, the following income of a non-resident taxpayer, but which are earned in Mongolia, shall be taxed when transferred to the non-resident taxpayer at the following rates:

2.8.1. Loan interest and payment for issuing a guarantee shall be taxed at the rate of 20% (twenty percent).

2.8.2. Income from royalties, income from interest on financial leases, payments for administrative expenses, rent payments, lease payments and income from use of tangible and non-tangible assets shall be taxed at the rate of 20% (twenty percent).

2.8.3. Income from goods sold, work performed and services provided within the territory of Mongolia shall be taxed at the rate of 20% (twenty percent).

2.9. The Parties agree that, for the purposes of tax required to be withheld by the Investor under Article 17.2.9 of the Corporate Income Tax Law, income of a non-resident taxpayer from Management Services Payments, but which is earned in Mongolia, shall be taxed when transferred to the non-resident taxpayer at the rate of 20% (twenty percent).

2.10. Dividends, on common or preferred shares, paid by the Investor to its non-resident shareholder(s) who are non-resident taxpayer(s), shall be taxed in accordance with Mongolian laws and regulations, which includes in accordance with any applicable double tax treaties as applied by Article 2.2 of General Taxation Law, and which rates shall be Stabilized.

2.11. Tax paid by the Investor in a foreign country may be credited in accordance with Article 19.9 of the Corporate Income Tax Law.

2.12. In accordance with Government Resolution Number 287 approving a procedure on carrying tax loss forward in mining and infrastructure dated 16 September 2009 made under the authority of the Corporate Income Tax Law, the tax loss of the Investor to be determined in accordance with Articles 20.1 and 20.2 of the Corporate Income Tax Law shall be carried forward and deducted from the taxable income of the Investor in the next 8 (eight) consecutive years after the tax year in which such tax loss was incurred. This will not apply for losses specified in tax statements for the tax year occurring before 1 January 2007. Tax losses of the Investor specified in the tax statements of that tax year occurring during the period from 1 January 2007 to 31 December 2009 (inclusive) shall be carried forward and deducted from the Investor's taxable income in the next 2 (two) consecutive years after the tax year in which such tax loss was incurred and the amount of loss to be deducted annually shall not exceed 50% (fifty percent) of the Investor's taxable income for that year. However, tax losses of the Investor specified in tax statements for each tax year occurring from 1 January 2010 shall be carried forward and deducted from the Investor's taxable income in the next 8 (eight) consecutive years after the tax year in which such tax loss was incurred and the amount of loss to be deducted annually shall not exceed 100% (one hundred percent) of the Investor's taxable income for that year.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

2.13. In accordance with Article 20.3 of the Corporate Income Tax Law, the amount of tax loss carry forward to be deducted from the taxable income of the Investor in any tax year pursuant to Article 20.2 of the Corporate Income Tax Law will not be limited, except as provided in Clause 2.12. Accordingly, 100% (one hundred percent) of the Investor's taxable income can be offset with carry forward tax losses in a particular year.

2.14. The tax depreciation of the Investor's assets shall be calculated for the Investor's assets with a useful life of more than 1 (one) year, in accordance with the depreciation schedule below:

Number	Asset Class	Useful life (in years)	Depreciation method
1	Building and construction	40	Straight-line
2	Machinery and equipment	10	Straight-line
3	Computer, computer parts, and software	3	Straight-line
4	Intangible asset with undefined useful life	10	Straight-line
5	Intangible asset with defined useful life (includes license for mineral exploration and mining)	Useful / valid life	Straight-line
6	Other non-current asset	10	Straight-line

2.15. The Parties agree to determine the relevant Asset Class specified in Clause 2.14 as follows:

Asset Class Number 2

Machinery and equipment fixed or attached to a building;

Machinery and equipment fixed or attached to a construction; and

Machinery and equipment fixed or attached to the underground infrastructure.

Asset Class Number 6

Other non-current assets including capitalised pre-stripping and overburden removal;

Underground shafts; and

Roadways, drawpoints and ventilation shafts and other underground infrastructure.

2.16. Taking into account Articles 12 and 15 of the Corporate Income Tax Law, operating expenses, including operational maintenance and repairs related to the OT Project, and payment for works and services performed by others (including Management Services Payments), shall be tax deductible in the year incurred.

2.17. If the Investor uses its own funds to establish a border crossing and related infrastructure and to repair and maintain it, an amount equivalent to these funds shall be deducted from the Investor's taxable income.

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

2.18. Value-added tax shall be imposed on imported, manufactured or sold goods, performed works and rendered services at the rate of 10% (ten percent) in accordance with Article 11.1 of the Value-Added Tax Law. Non-refundable value-added tax shall be a deductible expense of the Investor for income tax of business entities (corporate income tax) purposes in accordance with law .

2.19. Customs duties shall be imposed in accordance with the Law of Mongolia on Customs Tariff and Duties.

2.20. In accordance with Articles 11.2 and 12 of the Value-Added Tax Law, value-added tax rates on the following exported products, works and services connected with the OT Project shall be 0 (zero) rated:

2.20.1. goods (except for gold) exported by the Investor from the territory of Mongolia for sale or goods declared to the Customs Office;

2.20.2. passenger and cargo transportation services from the territory of Mongolia to a foreign country, from a foreign country to the territory of Mongolia, or through the territory of Mongolia to a foreign country;

2.20.3. services rendered (including non taxable services) outside the territory of Mongolia;

2.20.4. services (including non taxable services) rendered to a foreign citizen or a legal person, who is outside the territory of Mongolia at the time the services are rendered; and

2.20.5. exported final mining products.

2.21. Mining products other than those listed in Article 12.1.7 of the Value-Added Tax Law shall be exempted from value-added tax.

2.22. Equipment temporarily imported through a customs border by the Investor, its Affiliates, and their respective Contractors and Subcontractors, which is required for the OT Project, shall be placed under the customs regime of temporary admission provided for in Chapter 8, Sub-chapter 4, Articles 93-98 of the Customs Law.

2.23. All gasoline and diesel fuel imported or purchased from the domestic market by the Investor for its own usage shall be subject to gasoline and diesel fuel excise taxes, value-added tax, gasoline and diesel fuel taxes and customs duties at applicable rates on a non-discriminatory basis.

2.24. The Parties agree as follows:

2.24.1. Except as provided in Clause 2.24.2, and in accordance Article 29.1.1 of the Minerals Law, the provisions of this Agreement shall remain in effect during the term of this Agreement irrespective of the provisions of taxation laws and regulations ratified after the Effective Date.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

2.24.2. If a law or regulation enters into force after the date of this Agreement, or an international treaty becomes available to the Investor, and such law, regulation or international treaty contains Tax rates that are less than those specified in this Agreement or which would otherwise have the effect of reducing Taxes payable by the Investor under this Agreement then the Investor may notify the Government in writing that it wishes to enjoy the benefit of that law, regulation or international treaty. In such event, and as provided for in Article 29.1.1 of the Minerals Law:

2.24.2.1 without affecting Clause 2.24.2.2, the lower rates or reduced Tax liability will apply in determining the Investor's Tax liability under this Agreement;

2.24.2.2 if a later amendment to a law, regulation or international treaty changes the rates or Tax liability so it is no longer at a lower rate or reduced Tax liability, the Investor shall, from the date this later amendment comes into effect, be returned to the status or position it occupied before it gave notice to the Government in writing under this Clause 2.24.2.

2.25. If the Investor sells or buys goods, performs work, renders services (including financing costs and interest payments except in respect of financing described in Clause 2.27), or transfers goods or assets to or from an Affiliate at a lower or higher price than the market price, then the price for determining the taxable income of the Investor for those goods, work and services shall be deemed to be the price of similar goods, works or services sold, performed, rendered or transferred by independent entities to each other, based on transfer pricing principles published by the Organization for Economic Cooperation and Development. The Parties agree that Management Services Payments are made as if they are carried out between unrelated parties, each acting in his own best interest, for the purposes of Article 11.1 of the Corporate Income Tax Law.

2.26. For statutory and tax reporting purposes (including for the purposes of calculating and paying Taxes), the Investor may keep its primary accounting records in United States dollars. The Investor shall also maintain accounting records in Mongolian togrogs in accordance with Article 6.1 of the Accounting Law. Where Taxes are payable in togrogs, then the amount payable in togrogs shall be determined by converting United States dollars into togrogs applying the principles of non-discrimination contained in Clause 2.3.

2.27. The Parties agree that the terms of any finance provided to the Investor under the Shareholders' Agreement, prior to the expiry of the 7 (seven) year period referred to in Clause 16.10.1, and any costs related to financial guarantees in respect of project finance, are made as if they are carried out between unrelated parties, each acting in his own best interest, for the purposes of Article 11.1 of the Corporate Income Tax Law and the Government shall meet any obligation of SHC incurred under clause 17 of the Shareholders' Agreement.

2.28. The royalty payable under Clause 3.13 shall be treated as a deductible expense from the taxable income of the Investor in accordance with Article 12.1.14 of the Corporate Income Tax Law.

Монгол Улсын Гадаад Харилцааны Яам
Албан ёсны орчуулга мөн
Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот
Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

2.29. If the amount of value-added tax to be credited to the Investor in a given month exceeds the total of value-added tax due to be paid by the Investor in the same period, then the tax authority shall do the following:

2.29.1. credit against any value-added tax payable by the Investor in the next month, quarter or year;

2.29.2. credit against any other types of Taxes due by the Investor to relevant governmental or local budgets; and

2.29.3. refund the balance of the excess payment of value-added tax in accordance with Articles 17.1.4 and 58 of General Taxation Law.

2.30. In accordance with Article 18.1.1 of the Corporate Income Tax Law, no Tax shall be payable on any interest income earned on any Government issued securities (including bills), including deferred interest income incorporated as a discount to the issue price.

2.31. Thin capitalization requirements specified in Article 14.3 of the Corporate Income Tax Law shall be calculated as follows:

2.31.1. if the Investor's debt to equity ratio exceeds 3:1, any interest attributable to the excess debt will not be deductible for Tax purposes;

2.31.2. if the Investor's debt to equity ratio exceeds 3:1, any interest attributable to that part of the debt that does not exceed the ratio strictly remains deductible for Tax purposes;

2.31.3. for the measurement of total debt for the purpose of the ratio, both related party and non-related party debt are included, however, any non-interest-bearing liabilities are specifically excluded;

2.31.4. for the measurement of total equity/capital for the purpose of the ratio, both common shares and preferred shares are included; and

2.31.5. any non-tax deductible interest shall be deemed to be a dividend and taxed in accordance with laws and regulations and applicable double tax treaties. Any such non-tax deductible interest will not be subject to any interest withholding tax.

2.32. An entity engaged in activities related to, or services provided to, the OT Project may apply under Article 19 of the Foreign Investment Law to stabilise Taxes.

2.33. The benefits specified in Article 19.2 of the Corporate Income Tax Law as in force at the date of this Agreement shall be granted to the Investor as follows:

2.33.1. In accordance with Government Resolution Number 288 dated 16 September 2009 making amendment to the Annexure of Resolution Number 83 of 2008, the Investor is entitled to an investment tax credit equal to 10% (ten percent) of its investment in depreciable non-current assets made up to the end of the Construction Period.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мен

Гарын үсэг /Signature/ .....
2007 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

2.33.2. This investment tax credit shall not be granted if the investment is made for the purchase of an asset not connected with Core Operations.

2.33.3. The credit shall not be subtracted from the depreciated cost of the asset to which the credit relates.

2.33.4. If the investment tax credit exceeds the amount of income tax of that tax year specified in Article 17.1 of the Corporate Income Tax Law, the exceeding amount shall be credited in the subsequent 3 (three) profitable tax years of the Investor.

2.34. In the event that, during the term of this Agreement, the Value-Added Tax Law is amended, so that the value-added tax rates on all Products exported by the Investor or its Affiliates, or works and services connected with the OT Project, shall become 0 (zero) rated, and provided that, pursuant to Article 19.7 of the Corporate Income Tax Law, the mining sector is no longer classified as a 'priority sector', the benefit of the investment tax credit referred to in Clause 2.33 shall no longer be available to the Investor (notwithstanding the operation of Clause 15.23.1). If the investment tax credit becomes no longer available to the Investor, nothing in this Agreement shall prevent the Investor from carrying forward investment tax credits that were earned prior to the date the investment tax credit no longer became available to the Investor.

3. CHAPTER THREE: CORE OPERATION OF THE INVESTOR

3.1. The Investor has the right to hold each Mining License for an initial term of 30 (thirty) years from their grant, and to extend this period 2 (two) times for a period of 20 (twenty) years each in accordance with Articles 27.1.7 and 28.1 of the Minerals Law.

3.2. The Investor has the right to construct and operate infrastructure and related facilities and to conduct mineral exploration and mining activities throughout the Contract Area on the terms of this Agreement.

3.3. The Investor has the right to conduct in accordance with relevant laws and regulations the operations of mining and processing from any mineral deposits within mining license 6709A and the licenses referred to in Clause 15.7.8, when the reserves relating to those deposits are registered in the national registry of reserves and the Feasibility Study is submitted to the State administrative authority in charge of geology and mining for its consideration in accordance with existing laws and regulations. Registration of reserves shall not be unreasonably withheld or delayed, and shall be registered within 150 (one hundred and fifty) days from the date the Investor delivers a Statement of Reserves and the Feasibility Study to the State administrative authority in charge of geology and mining. Consideration of the Feasibility Study will be concluded within 150 (one hundred and fifty) days from the date of submission.

3.4. In accordance with Article 17.2.3 and Article 24.4.2 of the Minerals Law, an exploration license or mining license shall not be granted if it overlaps any part of the area of any valid Mining License previously granted. A license or tenure under any other law or regulation shall not be granted to any third party if it overlaps any part of the area of any valid Mining License.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн
Гарын үсэг /Signature/ .....
2009оны 10сарын 6өдөр
Улаанбаатар хот
Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

3.5. Nothing in this Agreement shall limit the right of the Investor to mine and process from the area of its Mining Licenses in accordance with relevant laws and regulations any metals or minerals other than those defined as "Products" by this Agreement, however the terms of this Agreement shall not apply to any goods, works and services undertaken as a result of these activities.

3.6. The Investor shall submit, in the Feasibility Study described under Clause 1.11, estimated annual production figures for the life of the open pit and underground mines.

3.7. The Investor will provide on an annual basis to the State administrative authority in charge of geology and mining an updated table forecasting the quantities of total Products to be mined and processed from the open pit and underground operations at the OT Project in the following 5 (five) years and that table may be included in its investment report under Clause 9.7.

3.8. If the Investor estimates that, in any calendar year, it will mine and process at least 20% (twenty percent) more Products than forecast in the most recent table referred to in Clause 3.7, it will obtain the consent of the State administrative authority in charge of geology and mining to mine and process above that level, which consent shall not be unreasonably withheld or delayed.

3.9. The Investor will use reasonable efforts to mine and process mined ore that is no less than the quantities contained in the most recent table referred to in Clause 3.7, however, the actual quantity of Products mined and processed by the Investor in any year may vary due to many factors, which may not be within the control of the Investor or of the Government. Accordingly, the actual quantity of Product produced in any year remains within the competence and discretion of the Investor.

3.10. The Parties agree that in respect of the financing of the OT Project:

3.10.1. the Investor shall deliver to the Government a notice informing that the Financing Completion Date has occurred within 7 (seven) days of such date being achieved;

3.10.2. the Investor shall achieve Commencement of Production within 5 (five) years of the Financing Completion Date; and

3.10.3. the "**Financing Completion Date**" referred to in this Clause 3.10 is the date being the earlier of:

3.10.3.1 the date on which the Investor has managed to secure (or have made available to it) sufficient financing facilities on terms, including in respect of guarantees, security or other support, reasonably acceptable to the Investor, to enable the full and complete construction of the OT Project as described in the Feasibility Study referred to in Clause 1.11, and notified to the Government in writing; and

3.10.3.2 2 (two) years after the Effective Date.

3.11. The Investor shall adopt and implement modern mining and processing technology that meets Mongolian and international environmental codes and standards during Core

Монгол Улсын Гадаад харилцааны яам
Албан бичиг, баримтыг хянасан
Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

Operations and will conduct Core Operations in an efficient manner to minimize environmental impact to the extent economically feasible.

3.12. The sales value of the Products of the Investor shall be determined as follows:

3.12.1. for exported Products, the sales value shall be the international market prices of the products or similar products, based on recognized principles of international trade for determining average monthly prices;

3.12.2. for Products sold or used on the domestic markets, the sales value shall be based on the domestic market price for the particular or similar products;

3.12.3. for Products sold on international or domestic markets, where it is impossible to determine market prices, the sales value shall be based on the revenue derived from the sale of the Product as declared by the license holder.

3.13. The Investor shall pay a royalty under Article 47.3.2 of the Minerals Law at the date of this Agreement equal to 5% (five percent) of the sales value of all Products mined from the Contract Area that are sold, shipped for sale, or used by the Investor, and such royalty is Stabilized.

3.14. The Investor shall pay an annual mining license fee of USD15.00 per hectare of mining area granted under a Mining License, and Stabilized.

3.15. The Investor shall prepare and submit the reports as required under Article 48 of the Minerals Law to the State administrative authority in charge of geology and mining in both Mongolian and English.

3.16. The Investor shall inform the State administrative authority in charge of specialized inspection by an official letter that the mine shall be closed in whole or in part according to such date as specified by law and shall take the following preparatory measures pursuant to relevant regulations:

3.16.1. fully take all measures, in accordance with Mongolian and internationally recognised standards, to ensure safe use of the closed mining area for public purposes and to rehabilitate the environment;

3.16.2. take preventative measures if there is a possible hazardous risk when the closed mining area is used for public purposes;

3.16.3. remove all machinery, equipment and other property from the closed mining area except as permitted by local administrative bodies or the State administrative authority in charge of specialized inspection.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6. өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

3.17. When the mine is closed, the Investor shall prepare a detailed map on an appropriate scale showing dangerous or potentially dangerous areas created by mining operations, place the necessary warnings and markings in the vicinity of the mining area and shall submit the map to the State administrative authority in charge of specialized inspection and Governors of soum, bag or district.

3.18. The Investor shall be responsible for developing a management program for mine closure, fully comply with the requirements during the mine closure phase in accordance with relevant laws and regulations and set aside funds commencing 7 (seven) years prior to the closure in an escrow account not controlled by the Investor, unless the funds are to be used for the mine closure phase, for costs related to mine closure and these costs shall be deductible from the Investor's taxable income.

3.19. Within 3 (three) years after the Commencement of Production, the Investor will, if requested in writing by the Government, prepare a research report on the economic viability of constructing and operating a copper smelter in Mongolia to process mineral concentrate Products derived from Core Operations into metal (the "**Smelter**").

3.20. If the Government either alone or in conjunction with others or a third party plans for the construction of a Smelter in Mongolia, the Investor will, if requested in writing by the Government, provide on agreed terms, with preferential access, Rio Tinto's (or its Affiliates) Proprietary Technologies held in joint venture with Outokumpu, for the operation of the Smelter.

3.21. The Investor shall in priority supply (by sale or tolling) mineral concentrate to any third party operated copper smelters located in Mongolia in which the Government has a whole or partial ownership interest on agreed commercial terms based on international prices and standards, with a view to increasing the value added to the Products in Mongolia, however such supply will be made on the following basis:

3.21.1. if the Investor has a whole or partial ownership interest in, or operates, a smelter located in Mongolia, it is entitled to first satisfy the mineral concentrate needs of such smelter; and

3.21.2. if such third party operated copper smelters can demonstrate in advance an ability to meet all technical criteria and specifications for effectively accepting and smelting copper concentrate from the OT Project.

3.22. If the Investor owns and operates a Smelter and produces refined gold that meets "Good Delivery" requirements of the London Bullion Market Association (LBMA), the Investor shall offer such produced gold to the Bank of Mongolia at no less than the spot price reflected in the international over-the-counter market. If the refined gold produced does not meet "Good Delivery" requirements of the LBMA, the Investor shall offer to sell such produced gold to the Bank of Mongolia at spot prices reflected in the international gold market for gold of that purity or grade.

3.23. If the Investor constructs a Smelter in connection with implementation of the OT Project that Smelter will be located in Mongolia.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

3.24. As soon as practicable after the annual financial statements of the Investor are available for that financial year, an audit of the capital costs and operating costs among other things shall be conducted by an internationally recognised and reputable audit and accounting firm which may be undertaken as part of, or in conjunction with, the audit referred to in Clause 9.7.

4. CHAPTER FOUR: REGIONAL DEVELOPMENT

4.1. The Government will establish the "Southern Gobi Regional Development Council" (the "**Council**") and shall lead its activities.

4.2. The Council will be governed by a board, which shall include representatives of the Government, local governance organisations, private sector entities, civil society organisations and donor and international financial institutions with activities directed towards the Southern Gobi region.

4.3. The Investor will be a member of the Council's governing board, and shall support the Council and its activities.

4.4. The Council will assist the Government in the following areas in terms of preparation, financing, organising and implementation of the Southern Gobi local and regional development strategy, plans and budgets:

4.4.1. support to local and regional development and encouraging transparent and responsible governance;

4.4.2. coordination of in-migration influx;

4.4.3. resolving matters of urban planning and development, including power, roads, water supply, heating and sewerage;

4.4.4. organization of formal and non-formal education, including English language and vocational training;

4.4.5. focus on human health care, construction of diagnostic centres, cultural facilities, sport facilities, improvement of veterinary services; and

4.4.6. support to capacity building for local governments and civil society.

4.5. In addition to the above, the Investor will support socio-economic development policies and activities undertaken by Southern Gobi local administration and will develop partnerships to ensure that sustainable benefits from the OT Project reach Mongolian people, including people in Umnugovi Aimag.

4.6. The Investor shall conduct all of its local and regional socio-economic development programs and activities based on principles of transparency, accountability and public participation.

4.7. The Investor shall continue to prepare, conduct, implement, update on an appropriate basis, and make public socio-economic baseline studies, socio-economic impact assessments, socio-economic risk analyses, as well as multi-year communities plans,

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

community relations management systems, policies, procedures and guidelines, and mine closure plans, all of which shall be produced with community participation and input and be consistent with international best practice.

4.8. The Investor shall give priority focus to those Umnugovi Aimag citizens and groups directly and indirectly impacted by the OT Project, as determined by socio-economic and environmental impact assessments and other relevant documents and, for this purpose, the Investor shall regularly engage with and support the public and local stakeholders in Umnugovi Aimag.

4.9. The Investor shall establish cooperation agreements with local administrative organisations in accordance with Article 42 of the Minerals Law and these agreements may include the establishment of local development and participation funds, local participation committees and local environmental monitoring committees.

4.10. The Investor will consult with local administrative organisations to provide appropriate compensation upon resettlement of herder families located on the Contract Area who are directly impacted by the OT Project.

4.11. The Investor shall make as a priority training, recruiting and employing citizens of local communities in the Southern Gobi region, with preference to Umnugovi Aimag.

4.12. The Investor shall support special business development programs to assist in starting and growing local businesses so they can supply the OT Project, as well as the expansion and diversification of Mongolian business partners so that they are not fully dependent on the OT Project.

4.13. The Investor shall continue to actively build and maintain productive working relationships, based on principles of transparency, accountability, accuracy, trust, respect and mutual interests, with non-governmental organizations, civic groups, civil councils and other stakeholders.

5. CHAPTER FIVE: LAND AFFAIRS

5.1. The Investor shall obtain the relevant Permits necessary for the use of land required for the implementation of the OT Project, including lands needed for locating roads, energy generation facilities or networks for energy transmission, water supply, railroads and communication facilities in accordance with the laws and regulations on Land and the Government shall provide support requested by the Investor in this respect and shall resolve the Investor's applications to obtain such Permits in accordance with relevant laws and regulations of Mongolia.

5.2. The Government may take land away from the Contract Area that is in possession of the Investor for special needs or public purposes or interests in accordance with the Law on Land and the Foreign Investment Law, but only if such needs, purposes or interests cannot be reasonably satisfied by allocating or taking away land not covered by the Contract Area. If any land is taken away, the Government will cooperate with the Investor to minimize the impact on the OT Project and it will pay the Investor a just compensation on a non-discriminatory basis determined on the basis of the laws and regulations of Mongolia, international laws and principles, and international treaties to which Mongolia is a party.

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

5.3. All matters relating to the reclamation of land used for mining purposes shall be the full responsibility of the Investor in accordance with the Minerals Law, Law on Land and the Land Use Agreement, the EIA Reports and the special provisions under this Agreement.

5.4. As the Oyu Tolgoi Deposit is classified as a mineral deposit of strategic importance, Land Use Agreements shall have a term of 30 (thirty) years, and may be extended for periods of 20 (twenty) years each time, in accordance with Article 44.5 of the Law on Land and Government Resolution Number 302 of 2009 made under the authority of the Law on Land.

5.5. If a Land Use Agreement expires or terminates, the Investor shall remain the owner of all plant, buildings, improvements and other construction and immovable property located on the land and shall remove all machinery, equipment and other moveable property except those permitted by the State administrative authority in charge of specialized inspection or local administrative authority.

5.6. Land use fees shall be determined in accordance with the Law on Land, Law on Land Fees and Subsoil Law and be payable by the Investor, which shall be treated as a deductible expense from the taxable income of the Investor.

6. CHAPTER SIX: ENVIRONMENT

6.1. The Investor shall comply with the international treaties in relation to environmental protection matters to which Mongolia is a party and Articles 35 and 37 of the Minerals Law and shall obtain detailed environmental impact assessment reports (the "**EIA Reports**") in accordance with the Law on Environmental Impact Assessment prepared by a competent, independent, professional firm.

6.2. The Investor has the right to review and comment on the EIA Report prior to the EIA Report being submitted to the State central administrative authority in charge of environment.

6.3. The Investor shall obtain in accordance with the relevant regulations the Permits and licenses for the OT Project established by the environmental laws and regulations and the Government shall provide support requested by the Investor in this respect and shall resolve the Investor's applications to obtain such Permits in accordance with relevant laws and regulations of Mongolia.

6.4. The Investor shall meet all costs for each year of implementing an environmental protection plan ("**EPP**") and environmental monitoring and analysis program, in connection with implementation of the OT Project and shall provide to the State central administrative authority in charge of environment a report, prepared by a certified, independent, professional firm, on addressing the Investor's implementation of the measures specified in the EPP every 3 (three) years.

6.5. The Investor shall make the EPP and independent reports available to the public, provide local communities with sufficient relevant information and regularly consult with local communities on the impact of its operations on the local environment.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....16.....
2009 оны 06 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

6.6. The Investor shall deposit funds equivalent to 50% (fifty percent) of its environmental protection cost for the particular year, prior to start of that year into a bank account established by the State central administrative authority in charge of environment.

6.7. Each deposit shall be refunded annually to the Investor upon full implementation of each EPP for that year in all material respects.

6.8. If the Investor fails to fully implement in all material respects the measures specified in an EPP for that year, the deposit specified in Clause 6.6 shall be used for that implementation. If the deposit is insufficient, experts shall be appointed in accordance with Clause 6.12 to determine the additional actions and funds required by the Investor, which determination shall be binding on the Parties.

6.9. The Investor shall submit annually a report detailing its comprehensive environmental monitoring and analysis program associated with Core Operations to the State central administrative authority in charge of environment.

6.10. If any material adverse impact on air, water, soil, animals, plants and subsoil is found by the environmental monitoring and analysis program, the Investor shall take necessary measures to eliminate such material adverse impact at the Investor's expense.

6.11. The Investor shall pay compensation for unanticipated and irreversible ecological damage directly caused by the operations of the OT Project based on the ecological and economic value for the permanently damaged natural resources, to the extent prescribed by the Law on the Environmental Protection and other relevant laws and regulations.

6.12. Compensation referred to in Clause 6.11 shall be determined by an independent group of environmental experts appointed by the State central administrative authority in charge of environment, taking into consideration the views of the Investor, and the Investor shall cooperate with the experts in such determination.

6.13. The Investor is granted the right to access and use its self-discovered water resources (including the water resources the subject of the Water Approval) for purposes connected with the OT Project during the life of the OT Project, including to construct, commission, operate and rehabilitate the OT Project. The Parties agree in respect of these matters as follows:

6.13.1. In respect of the Investor's self-discovered water resources at the date of this Agreement, the approved volume of such water resources (as specified in the Water Approval) is only sufficient to meet the OT Project's water requirements, and the rights to use such self-discovered water resources shall not be granted to other economic entities.

6.13.2. In respect of self-discovered water resources discovered or approved after the date of this Agreement, and where these water resources fully satisfy and exceed the requirements of the OT Project, the State administrative authority in charge of water matters may provide the portion of such excess water resources for use of other economic entities on terms to be agreed with the Investor and the Investor shall be compensated for its exploration costs in proportion to the volume of water made available to the other economic entities.

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

6.13.3. The Investor shall make its self-discovered water resources available to be used for household purposes, herder families and agricultural activities of the local soum communities.

6.14. The Investor shall pay fees to the budget for surface and underground water removed and consumed for the purpose of mine development and mining of minerals at the rate specified in the Law on Fees for Use of Water and Mineral Water effective at that time and these fees shall be treated as a deductible expense from the taxable income of the Investor, however such fees, and the terms upon which the Investor may use such water, shall be no less favourable than those applicable from time to time to other domestic and international users, and shall take into account whether the water is suitable for industrial or household use.

6.15. The Investor shall support the Government in the establishment of safe drinking water for the local soum center directly impacted by the OT Project as identified in the EIA Report.

6.16. Recognising that the quality of self discovered water may vary considerably, the Investor shall support the Government to upgrade or treat these water resources for household purposes and agricultural activities of the local soum communities, or provide infrastructure for water transportation for local household use only.

6.17. The Government shall ensure that a contract on water utilization is awarded upon request of the Investor (including in relation to the water resources the subject of the Water Approval) in accordance with the Water Law, the Law on Fees for Use of Water and Mineral Water and other laws and regulations. As the Oyu Tolgoi Deposit is classified as a mineral deposit of strategic importance, the contract with the Investor on water utilization shall have a term of 30 (thirty) years in accordance with the Water Law, and may be extended for periods of 20 (twenty) years each time in accordance with the Water Law.

6.18. Without affecting Clauses 6.13 and 6.17, the Government shall grant to the Investor within 30 (thirty) days after its request, all necessary contracts on water utilization and other water Permits to ensure that there is sufficient water available at all times for the OT Project.

6.19. The Investor shall have the following obligations in regard to water utilization:

6.19.1. abide in all material respects with the conditions and requirements set forth in Article 24 of the Water Law, the contract on water utilization and the EIA Reports and compliance with such conditions and requirements will be audited once every 5 (five) years, within 3 (three) months after the end of the relevant year, by an independent, competent, professional firm, and the audit outcome shall be provided to the State central administrative authority in charge of environment with a copy to the Investor; and

6.19.2. not reduce from the current level the quality and quantity of the existing potable and livestock water supplies used by existing users at the date of this Agreement within the water resources area defined in the EIA Reports.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

6.20. The Investor will apply modern technology and procedures to minimize the volume of water used by the OT Project, maximize the efficiency of water usage, and recycle used water where reasonably practicable to do so having regard to technology and procedures used in similar operations.

6.21. The Investor shall rehabilitate the environment damaged by Core Operations in accordance with Mongolian and international standards and codes in effect when the mine is closed in whole or in part.

7. CHAPTER SEVEN: INFRASTRUCTURE

7.1. The Government and the Investor will work together in good faith and in an open and cooperative manner to determine the most optimal and reliable solutions for power supply in order to meet the requirements of the OT Project and its development schedule, without affecting the rights of the Investor under Clause 7.2.

7.2. The Investor and/or its Affiliates have the following rights:

7.2.1. taking into consideration Clause 7.3, to secure all the power requirements for the OT Project from inside or outside Mongolia by the construction of any transmission infrastructure required for this purpose (including the construction of a 220kV transmission line from the Oyu Tolgoi Deposit site to the China-Mongolia border during the Construction Period);

7.2.2. to install and operate (or procure installation and operation by an Affiliate, Contractor and/or Subcontractor) power generation facilities within Mongolia at a site most appropriate for the short and long-term power requirements of the OT Project; and

7.2.3. to determine the source of coal to be used for such power generation.

7.3. The Investor shall, within 4 (four) years of Commencement of Production, secure its total power requirements for the OT Project from one or more of the following sources within Mongolia to be selected by the Investor:

7.3.1. coal-fired power plant developed or funded by the Investor;

7.3.2. coal-fired power plant developed or funded by a third party; or

7.3.3. the Mongolian electricity grid.

7.4. Where the Government supplies power to the Investor, the supply shall be on commercial and non-discriminatory terms, and will provide stable, reliable and uninterrupted power and in a quantity sufficient for the OT Project.

7.5. The Investor has the right to use or develop supplemental power from renewable energy sources such as wind, solar, geothermal and the like.

7.6. The Investor shall obtain all the necessary Permits required for energy generation, transmission and distribution, and construction of power facilities as set out in the Energy Law and other related laws and regulations.

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

7.7. The Government shall grant to the Investor the Permits required for its power supply as described in Clauses 7.2 and 7.3 as efficiently as possible and the respective Permits shall be granted for the maximum term permitted under the Energy Law and other related laws and regulations, with the right of extension for the maximum period permitted under such laws and regulations during the term of this Agreement.

7.8. Fees and charges for the use of land required for energy infrastructure shall be regulated in accordance with the Energy Law and other related laws and regulations, and the fees and charges so paid shall be treated as a deductible expense from the taxable income of the Investor.

7.9. Fees and charges payable by the Investor in relation to power generation, and transmission and distribution infrastructure will not be Stabilized and shall be regulated by the Energy Law and other related laws and regulations based on principles of non-discrimination. Fees and charges paid by the Investor in relation to its operations for power, transportation and other infrastructure shall be treated as a deductible expense from the taxable income of the Investor.

7.10. Where the Government supplies power to the Investor, all prices, tariffs, fees and charges payable by the Investor shall be set on a non-discriminatory basis.

7.11. When constructing state roads and local roads, pipelines and other transportation facilities, the Investor shall comply with the laws and regulations of Mongolia and use its best endeavours to tie in with the integrated road and transportation network and development strategies.

7.12. All roads, pipelines and other transportation infrastructure funded or constructed by the Investor, its Affiliates, Contractors and/or Subcontractors in connection with implementation of the OT Project shall be required to be constructed to a standard necessary to meet the specific requirements of the OT Project only.

7.13. The Investor may provide the public, Government and third parties with access to certain Investor Infrastructure/Services ("**Public Use Infrastructure/Services**"), provided the access does not interfere with the operation of the OT Project.

7.14. Public Use Infrastructure/Services referred to in Clause 7.13 include roads, power, water/heating systems, water drawing facilities, urban planning and township development, schools, hospitals, formal and non-formal training and education, an airport, community centres, and local governance/administration capacity building among others.

7.15. Without affecting the Investor's rights under Clause 7.13, the Investor may, by agreement, transfer the ownership and/or governance of Public Use Infrastructure/Services for the local community use, to local authorities, provided the transfer does not restrict or impair the access of the OT Project to infrastructure/services, or interfere with the operation of the OT Project.

7.16. The Investor may recover costs by way of payments or collection of tolls from those persons or entities using Public Use Infrastructure/Services.

Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

7.17. Where, under Clause 7.13, individuals from local communities are entitled to access Public Use Infrastructure/Services, those individuals will not be required to enter into a "user agreement" with the Investor in relation to such access. All other users shall first enter into a user agreement with the Investor.

7.18. Upon the Investor's request, the Government shall grant Permits related to the OT Project transportation infrastructure in accordance with the law and fees and charges paid by the Investor in relation to transportation shall be treated as a deductible expense from the taxable income of the Investor.

7.19. The Investor, its Affiliates, or their respective Contractors and/or Subcontractors, may construct a road between the OT Project and Gashuun Sukhait border crossing pursuant to the terms of an agreement with the State central administrative authority in charge of transport on the following terms:

7.19.1. The road route is to be agreed with Government and is to be as cost effective and direct as possible between the OT Project and Gashuun Sukhait border crossing.

7.19.2. The Investor will fund construction of the road and these expenses shall be deducted from the Investor's annual taxable income.

7.19.3. The Government will be responsible for the timely maintenance of the road and for charging and collecting road user fees from all users of the road except the Investor, its Affiliates, and their respective Contractors and Subcontractors.

7.19.4. The Investor, its Affiliates, and their respective Contractors and Subcontractors will, for the term of this Agreement, be exempt from all road user fees.

7.19.5. As an international road, the Investor has no legal liability for the road, or liability arising out of any use of the road.

7.20. The State central administrative authority in charge of road matters and the Investor shall enter into a contract under which maintenance of the road is subcontracted to the Investor at the Investor's cost.

7.21. The Investor or its Affiliates, or their respective Contractors and Subcontractors may construct, manage and use an aerodrome in connection with implementation of the OT Project based on Permits issued in accordance with law and the Government shall monitor the operation of the airport to ensure that the airport meets flight safety requirements.

7.22. If the Government intends to construct, or has prior to the date of this Agreement, constructed, owns or has access to, any infrastructure which may be suitable for use by the Investor, its Affiliates, and their respective Contractors and Subcontractors, in connection with the OT Project, the Government shall consult with the Investor regarding such infrastructure, including in relation to its intended location and capacity.

7.23. Although the Government is not required to provide the Investor with exclusive access to, and use of, any infrastructure described in Clause 7.22, it may elect to do so on reasonable commercial terms.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 06 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

7.24. The Government may construct and manage, or permit the construction and management by a third party of, a railway in the vicinity of the OT Project to the China-Mongolia border, and the Government shall make available to the Investor, its Affiliates, and their respective Contractors and Subcontractors, on competitive, commercial and non-discriminatory terms, the use of such railway in connection with the OT Project, or procure such availability from any relevant third party owner or manager.

7.25. The Government will consult with the Investor on the location and route of the railway, and consider its proposals in this respect.

8. CHAPTER EIGHT: LABOR RELATIONS, EMPLOYMENT AND TRAINING

8.1. The Investor and its Affiliates shall comply with the provisions of relevant labor, employment and social security laws and regulations of Mongolia. In implementing its remuneration policies, the Investor will ensure fair wages and equal remuneration for work of equal value.

8.2. During the term of this Agreement, the Investor and its Affiliates and the Government will cooperate together to ensure that there is a suitably qualified OT Project Workforce available to meet the timeframe of the OT Project.

8.3. A citizen of Mongolia, foreign nationals, and people without citizenship, employed by the Investor under a contract must be covered by social insurance as required by law.

8.4. In accordance with Article 43.1 of the Minerals Law, not less than 90% (ninety percent) of the Investor's employees will be citizens of Mongolia.

8.5. In accordance with Government Resolution Number 286 dated 16 September 2009 making amendment to the Annexure of Resolution Number 59 of 2009 on establishing the quota of work force and professionals to be received from abroad in 2009 made under the authority of the Law on Sending Labor Force Abroad and Receiving Labor Force and Specialists from Abroad, the Investor will utilise best efforts to work with entities that contract with the Investor to provide labor to the OT Project to ensure that:

8.5.1. for construction work during the Construction Period and Expansion Periods, not less than 60% (sixty percent) of the entities' employees will be citizens of Mongolia; and

8.5.2. for mining and mining-related work, not less than 75% (seventy five percent) of the entities' employees will be citizens of Mongolia.

8.6. If the Investor provides employment and income earning works and services to a number of foreign nationals within the specified percentage set forth in Clause 8.4, it shall pay a monthly workplace charge of twice the minimum monthly wage established by the Government for each foreign national to the Employment Promotion Fund.

8.7. If the Investor employs more foreign nationals than the specified percentage set forth in Clause 8.4, the Investor shall pay a monthly fee of 10 (ten) times the minimum monthly salary for each foreign national in excess of the specified percentage.

Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....16.....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

8.8. After the payment referred to in Clause 8.7 has been submitted to the budget of the relevant soum or district under Article 43.3 of the Minerals Law a portion of this fee shall be allocated to be spent on the OT Training Strategy and Plan specified in Clause 8.13 to train citizens of Mongolia to upgrade their skills or learn new skills in accordance with the rules established by the Citizens Representatives Hural of the relevant soum or district.

8.9. Breaches of the labor quotas set out in Clauses 8.4 and 8.5 shall not constitute a breach of this Agreement and Clause 10.7 shall not apply.

8.10. The Government shall provide support requested by the Investor to facilitate and expedite the granting of all Permits necessary for the engagement of such foreign nationals of the OT Project Workforce.

8.11. The Investor will use its best endeavours to maximize the participation on a competitive basis of qualified citizens of Mongolia as engineers for the OT Project and within 5 (five) years of the Commencement of Production the Investor must use its best endeavours to ensure that no fewer than 50% (fifty percent) of its employed engineers, and within 10 (ten) years of the Commencement of Production that no fewer than 70% (seventy percent) of its employed engineers, shall be citizens of Mongolia.

8.12. Within 90 (ninety) days after the Effective Date, the Investor will submit to the Government for public release a detailed and comprehensive 5 (five) year Mongolian nationals training strategy and plan for the OT Project ("**OT Training Strategy and Plan**").

8.13. The OT Training Strategy and Plan will focus on training skilled workers for the OT Project and training them for professions, and improving their vocational and professional skills, relevant to the OT Project and mining in Mongolia generally and specifically in the Southern Gobi region.

8.14. The Investor shall, in accordance with its annual training plan:

8.14.1. organize training of its employees at its Core Operations to upgrade employees' skills and provide further practical experience;

8.14.2. train employees in line with the Investor's short and mid-term human resource plans; and

8.14.3. upgrade selected employees' qualifications by enrolling them in studies inside or outside Mongolia on a contractual basis to further upgrade their professional qualifications.

8.15. The Investor shall establish a graduate scholarship program for assisting in the education of Mongolian nationals in mining related disciplines, with an emphasis on engineering related disciplines, within which scholarships over a 6 (six) year period from the Effective Date will be granted to 120 (one hundred and twenty) students studying at Mongolian universities and to 30 (thirty) Mongolian students studying at international universities. The scholarship program will cover tuition fees and living expenses. The Investor shall provide the students holding scholarships with an opportunity to participate

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн
Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот
Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

in work experience and training at the OT Project or at a suitable international mining operation.

8.16. The Investor shall establish and maintain health and safety systems and procedures at the OT Project to ensure a safe workplace which complies with the Law on Labor Safety and Health and all applicable health and safety laws and regulations in Mongolia while complying with all requirements under the Labor Law, including in respect of collective bargaining.

8.17. To enable all employees on the OT Project to be trained to international standards, the Government shall render all support for the adoption, within 6 (six) months of the Effective Date, of an international mining education and training curricula at selected domestic universities and vocational training institutions.

9. CHAPTER NINE: RIGHTS AND OBLIGATIONS OF THE INVESTOR

9.1. The Investor shall fulfil all obligations under this Agreement, and abide by the laws and regulations of Mongolia.

9.2. Articles 8, 9 and 10 of the Foreign Investment Law as in force at the date of this Agreement shall apply to Foreign Investments made in Mongolia by the Investor or its Affiliates for or in connection with the OT Project.

9.3. The Investor has the right to conduct its operation based on self-defined management and marketing principles.

9.4. The Investor shall be entitled to maintain bank accounts in a commercial bank of Mongolia and elsewhere, and the Investor may make international transactions freely and without any obstructions in its chosen currency. Without affecting the Investor's rights under Clause 9.10.5, payments for goods and services inside Mongolia must be made in Mongolian currency in accordance with Mongolian laws and regulations, unless the Investor is authorised to make such payments in foreign currency as a result of an authorisation issued by the Bank of Mongolia in accordance with Article 4.1 of the Law of Mongolia on Conducting Settlements in National Currency.

9.5. The Investor has invested a significant amount of capital in exploring and developing the OT Project, through the financial capability of Ivanhoe Mines Ltd and Rio Tinto, pursuant to the Existing Shareholder Loans. The Investor plans to make an additional investment in the OT Project, the estimated amount of which, as provided in the Feasibility Study referred to in Clause 3.6, will be approximately USD4 Billion. The estimated initial capital will be invested over a period of 5 (five) years, and a schedule for this planned expenditure is contained in the Feasibility Study.

9.6. The development of the OT Project may occur in stages as determined by the Investor as reflected in the Feasibility Study, taking into account market conditions and financing issues (including availability and terms of finance for the OT Project). If the Investor materially changes its proposed sequence for the development of the OT Project, the Investor shall inform the State administrative authority in charge of geology and mining in writing of such change.

Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн
Гарын үсэг /Signature/ .....
20.. оны .. сарын .. өдөр
Улаанбаатар хот
Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

9.7. The Investor shall submit an investment report, audited by an internationally recognized and not conflicted (under professional rules) accounting and auditing firm, in respect of each Calendar Year to the State administrative authority in charge of geology and mining within the first Calendar Quarter of the following Calendar Year, using the approved format.

9.8. The Investor has the right to make investments in all forms of movable and immovable property, such as cash, machinery, equipment, raw materials, goods and intellectual and industrial property rights.

9.9. The Investor shall provide reasonable assistance to regional development, assistance to local regions and creation of new business and employment opportunities.

9.10. The Investor has the following rights:

9.10.1. to provide in freely convertible foreign currencies all funds needed to conduct Core Operations and to convert such currencies to Mongolian togrogs as it deems necessary;

9.10.2. to hold and freely dispose of any funds outside of Mongolia;

9.10.3. to retain abroad and freely dispose all of its proceeds received outside of Mongolia from the export, sale or exchange of Product;

9.10.4. to freely repatriate abroad without any barriers and to and freely dispose of, all proceeds (including by way of dividend or other form of distribution) received within Mongolia from the sale, exchange or export of Product, and any other payments (including loan principal and interest) to be made abroad;

9.10.5. to freely pay its Contractors, Subcontractors and citizens of Mongolia operating outside Mongolia in foreign currencies; and

9.10.6. to maintain, if it wishes (but with no obligation to do so), an account or accounts in a bank in Mongolia chosen by the Investor for foreign currency.

9.11. In order to assist the Bank of Mongolia in its responsibilities to manage foreign currency risks, and in the spirit of good faith, the Investor will use its best endeavours to provide the Bank of Mongolia, at the beginning of each Calendar Quarter, an estimate of the amount of proceeds it intends to repatriate abroad over that Calendar Quarter, provided that nothing herein affects the Investor's rights under Clause 9.10.

10. CHAPTER TEN: RIGHTS AND OBLIGATIONS OF THE GOVERNMENT AND CABINET MEMBER RESPONSIBLE FOR MINERAL RESOURCES

10.1. The Government shall secure the Investor's operating environment in regard to Taxes and the Stabilization of Taxes throughout the term of this Agreement.

10.2. After signing this Agreement, the Member of Cabinet responsible for Mineral Resources shall deliver a statement concerning the duration and terms of this Agreement to the relevant institutions.

Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....

2009 оны 10 сарын 6 өдөр

Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

10.3. The Government shall not unlawfully confiscate any of the Investor's, its Affiliates', or their respective Contractors' or Subcontractors', movable and immovable property, and related property rights and intellectual property rights.

10.4. The State administrative authority in charge of geology and mining, or the entity which grants any Permits, shall not unlawfully terminate or revoke any Permits held by the Investor under this Agreement or under any other laws or pursuant to any regulations of Mongolia.

10.5. In accordance with Article 56 of the Minerals Law, the State administrative authority in charge of geology and mining shall revoke an exploration license and a Mining License on the following grounds only:

10.5.1. a mineral exploration or mining license is not held by a legal person, taxpayer in Mongolia, duly formed and operating under the laws of Mongolia;

10.5.2. the Mining License holder fails to fully pay the annual license fee as prescribed by Clause 3.14;

10.5.3. for a Mining License which is an exploration license, the Mining License holder fails to expend the amounts per hectare of the license area on reconnaissance and exploration work as prescribed by the Minerals Law;

10.5.4. where an exploration area or a mining area has been designated as a reserved area and a special purpose territory (as defined in the Minerals Law) and the license holder has been fully compensated; or

10.5.5. where the State central administrative authority in charge of the environment has concluded, based on a report of the local administrative bodies that the license holder had failed to fulfil its environmental reclamation duties.

The Government shall not establish or register a reserved area or special purpose territory over any areas covered by an exploration license, Mining License or other land required for Core Operations, and shall not exercise a right of revocation under Clause 10.5.4.

10.6. The Government shall use best endeavors to ensure that the Gashuun Sukhait checkpoint becomes an international border crossing, which remains open and operates on a continuous and permanent basis.

10.7. In the event the Investor fails to fulfil any material and significant obligations under this Agreement for a period of 6 (six) months, which obligation is not excused by an event of Force Majeure, or commits a deliberate and material violation of the laws and regulations of Mongolia, the Cabinet Member responsible for Mineral Resources may notify ("**Notice**") the Investor in writing stating the failure and requesting it to be corrected. The Government has the right to terminate this Agreement if the Investor fails to take reasonable action toward the fulfilment of its obligations described in the Notice within 60 (sixty) Working Days from the date the Notice is issued. The Investor is entitled to dispute any such Notice in accordance with Clause 14.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мен

Гарын үсэг /Signature/ .....
20.09 оны 10 сарын 6 едер
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

10.8. The Government will co-operate with the Investor in its implementation of this Agreement and the construction and operation of the OT Project and will take such action as may be desirable to achieve the mutual objectives of this Agreement.

10.9. Where an approval or consent or concurrence of a Ministry or the Government is required, and where an application is made by the Investor to the Government under or in connection with the implementation of this Agreement such approval or consent will not be unreasonably withheld or delayed.

10.10. If a Proscribed Change of Control Event occurs without the consent of the Government, then:

10.10.1. in the case where a member of the Rio Tinto Group is managing the OT Project at the time the Proscribed Change of Control Event occurs, the Stabilized portions of this Agreement shall be subject to renegotiation with the Government, and the Government will give favourable consideration to maintaining the rights of the Investor; and

10.10.2. in the case where a party other than a member of the Rio Tinto Group is managing the OT Project at the time the Proscribed Change of Control Event occurs, this Agreement will terminate.

10.11. In Clause 10.10, the following terms have the following meanings:

10.11.1. "**Proscribed Change of Control Event**" means where a Proscribed Person acquires directly or indirectly Control of Ivanhoe Mines Ltd and/or the Investor.

10.11.2. "**Proscribed Person**" means any Person Controlled directly or indirectly by a Foreign Government Authority as well as any Person whose strategic, policy and business decision-making functions are, by virtue of a material creditor/debtor relationship between a Foreign Government Authority and such Person, considered to be effectively directed by a Foreign Governmental Authority, provided that no member of the Rio Tinto Group can be a Proscribed Person.

10.11.3. "**Foreign Government Authority**" means the government of any country other than Mongolia, and any branch, division, political subdivision, instrumentality, authority, agency, or other entity vested with government authority thereof.

10.11.4. "**Person**" means any limited or unlimited liability corporation, limited or unlimited liability partnership, unincorporated association, unincorporated syndicate, unincorporated organization, body corporate, joint venture, enterprise or trust.

11. CHAPTER ELEVEN: PROTECTION OF FOREIGN INVESTMENT

11.1. All Foreign Investment made by the Investor and its Affiliates within the territory of Mongolia shall enjoy the legal protection guaranteed by the Constitution, Foreign Investment Law, other laws and regulations and the international treaties to which Mongolia is a party.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн
Гарын үсэг /Signature/ .....16.....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот
Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

11.2. The Investor's and its Affiliates' capital, property and assets shall not be expropriated except for public purposes or interest, and only in accordance with due process of law on a non-discriminatory basis, and with the condition of full compensation by the Government according to the Foreign Investment Law, the Law on Land, the Minerals Law and any international treaties to which Mongolia is a party.

11.3. Unless otherwise provided in international treaties to which Mongolia is a party, the amount of compensation for the property expropriated shall be determined on the basis of the value of the property expropriated to be determined immediately prior to the expropriation, or notice of the expropriation becoming public, and shall be promptly paid in full.

11.4. The Investor and its Affiliates shall be entitled to conditions no less favorable than the conditions granted to domestic Mongolian investors regarding the right to own, utilize and spend its investment.

12. CHAPTER TWELVE: TERMINATION OF THIS AGREEMENT

12.1. This Agreement shall be terminated only in the following circumstances:

12.1.1. after the expiry of the initial term specified in Clause 1.1, if the Investor has not extended the term in accordance with Clause 15.11;

12.1.2. if this Agreement is assigned by the Investor to other entities or persons without the Government's consent, and the Government gives a notice of termination to the Investor;

12.1.3. if both Parties consent to the termination of this Agreement, upon request by the Investor;

12.1.4. if the activities of the Investor are permanently halted by competent authority on the grounds of its bankruptcy, and its activities are not resumed within 120 (one hundred and twenty) Working Days from the date the Cabinet Member responsible for Mineral Resources gave written notice to the Investor to resume its activities;

12.1.5. if the Investor fails to supply a third party operated copper smelter as required by Clause 3.21;

12.1.6. if the Government terminates this Agreement on a unilateral basis in accordance with Clause 10.7;

12.1.7. if shares in the Investor are transferred other than as permitted by, and in material breach of, clause 15 of the Shareholders' Agreement, and the breach is not remedied within 3 (three) months of a written notice from the Government to the Investor to remedy such breach; or

12.1.8. if the Investor fails to issue shares in accordance with clause 3 of the Shareholders' Agreement on or before the Completion Date.

Монгол Улсын Үндэсний Хөгжлийн Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 12 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

12.2. The expiry or earlier termination of this Agreement does not affect the Investor's rights and obligations under mining license 6709A, any other Mining Licenses, unless the Mining Licences are revoked in accordance with Article 56 of the Minerals Law and Clause 10.5, any other Permits granted by the Government to the Investor and any other agreements between the Investor and the Government.

13. CHAPTER THIRTEEN: FORCE MAJEURE

13.1. A Force Majeure event means an event defined as "Force Majeure" in Chapter 16 (Sixteen).

13.2. A Party to this Agreement shall not be liable for the consequences of any failure by it to perform or default by it in performing any or all of its obligations under this Agreement, if that failure or default is caused by Force Majeure. Where there has been any such failure or default, the failure or default shall not be considered non-compliance with any obligation under this Agreement, and all the obligations and times which because of such failure or default could not be fulfilled shall be deemed to have been suspended while the Force Majeure continues.

13.3. The Party whose ability to perform its obligations is affected by Force Majeure shall notify as soon as practicable the other Party thereof in writing stating the cause, and the Parties shall do all reasonable acts and things, and the Parties shall cooperate to mutually agree to remove such cause.

13.4. If a Party is prevented or delayed by Force Majeure from performing its obligations under this Agreement in whole or in part, an amount of time reasonably required to overcome the effect of the event of Force Majeure and a reasonable period to prepare for the resumption or initiation of the actions so prevented or delayed shall be added to any time provided for or otherwise allowed therefore under this Agreement and to the term of this Agreement.

14. CHAPTER FOURTEEN: DISPUTE RESOLUTION

14.1. Any disputes between the Parties arising out of or in connection with this Agreement shall be settled by the Parties first attempting in good faith to negotiate a resolution and if a negotiated resolution to the dispute is not agreed to within 60 (sixty) Working Days of the date of a Party's request in writing for such negotiation, or such other time period as may be agreed, then the dispute shall be settled in accordance with Clause 14.2. No notice under Clause 10.7 shall be issued if the Parties are in dispute over the subject matter of this Agreement.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн
Гарын үсэг /Signature/ .....
2009 оны 06 сарын 6 өдөр
Улаанбаатар хот
Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

14.2. If a dispute is not settled by negotiation in accordance with Clause 14.1, it shall be resolved by binding arbitration in accordance with the procedures under the Arbitration Rules of the United Nations Commission on International Trade Law (the "**UNCITRAL Rules**") as in force at the time of the dispute. Accordingly, the following shall apply:

14.2.1. the number of arbitrators shall be 3 (three);

14.2.2. the 3 (three) arbitrators shall be appointed in accordance with rules 7 and 8 of the UNCITRAL Rules;

14.2.3. the language of the arbitration shall be English;

14.2.4. the arbitrators shall apply the laws and regulations of Mongolia to the interpretation of the Investment Agreement;

14.2.5. the place of arbitration shall be in London, United Kingdom; and

14.2.6. the arbitral proceedings shall be administered under the UNCITRAL Rules by the London Court of International Arbitration.

14.3. The arbitral award shall be final and binding on the Parties. Judgment on the award may be entered by any court having competent jurisdiction, provided that an arbitral award shall first be presented in an appropriate court of Mongolia for execution and enforcement. If such execution and enforcement has not occurred within 30 (thirty) days of presentation, the award may be presented in any other court having competent jurisdiction. The Parties hereby commit to fulfil the execution and enforcement of the arbitral award and shall not raise any defence to its execution and enforcement.

14.4. The provisions of this Clause 14 shall continue to apply to any dispute that arises during the term of this Agreement or any dispute that occurs after the expiry or earlier termination of this Agreement in regard to activities arising out of or in connection with this Agreement.

15. CHAPTER FIFTEEN: MISCELLANEOUS

15.1. The Investor shall be entitled to assign its rights and obligations under this Agreement with the consent of the Government.

15.2. An assignment will not expand or alter the rights and obligations of either Party under this Agreement.

15.3. This Agreement shall not limit the rights of the Investor to conclude other agreements with relevant Government agencies concerning the operations of the OT Project.

15.4. The Investor has the right to conduct the operations of mining and processing minerals that shall be a part of Core Operations that the Investor identifies through mineral exploration of mining licenses 6708A and 6710A, and Mining Licenses described in Clause 15.5.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

15.5. The Investor has the right to request, by notice in writing to the State administrative authority in charge of geology and mining, that upon the completion of the requirements referred to in Clause 15.6, mining license(s) held or controlled, directly or indirectly, by the Investor, and containing minerals which form part of a regional mineralising system with the Oyu Tolgoi Deposit, be incorporated into this Agreement, and the Government shall resolve the Investor's request by executing an amendment to this Agreement to include such mining licence(s) as 'Mining Licences' defined in Chapter 16 (Sixteen).

15.6. For mining licences 6708A and 6710A the Investor shall deliver a statement of reserves, and submit a feasibility study, within 3 (three) years after the Effective Date, and for mining licences referred to in Clause 15.5 the Investor shall also be required to deliver a statement of reserves for registration in the national registry of reserves and submit a feasibility study to the State administrative authority in charge of geology and mining for its consideration in accordance with existing laws and regulations. Registration of reserves shall not be unreasonably withheld or delayed, and shall be registered by the State administrative authority in charge of geology and mining within 150 (one hundred and fifty) days from the date of delivery by the Investor of a Statement of Reserves and the Feasibility Study and consideration of the Feasibility Study will be concluded within 150 (one hundred and fifty) days from the date of submission.

15.7. Except as provided by Clause 15.26, this Agreement shall be effective from the date when all of the following conditions are satisfied ("**Effective Date**"):

15.7.1. this Agreement and the Shareholders' Agreement are duly signed by all relevant parties;

15.7.2. the revised Charter of the Investor, in a form satisfactory to the parties to the Shareholders' Agreement, is registered by the State administrative authorities in charge of State registration and foreign investment and foreign trade;

15.7.3. the Feasibility Study for the OT Project described in Clause 1.11 has been considered in accordance with the laws and regulations of Mongolia and such consideration has been concluded within 150 (one hundred and fifty) days of submission of the Feasibility Study;

15.7.4. the relevant taxation authorities have confirmed the losses and capitalized expenses of the Investor for depreciation purposes available for future deduction as at the Effective Date and any outstanding Tax liabilities or credits at that date;

15.7.5. the quantum of the Existing Shareholder Loans has been agreed between the Parties or, failing agreement, determined in accordance with an audit by an internationally recognised, non-conflicted audit firm agreed upon by the Parties, the expenses for which shall be paid by the Investor, and the quantum determined by the audit shall be binding on the Parties;

15.7.6. the restructuring arrangements to separate the Investor's assets unrelated to the OT Project as outlined in clause 19 of the Shareholders' Agreement have been completed;

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

15.7.7. the Parties have established a committee known as the "**Standing Working Committee**" to operate during the Construction Period comprised of an equal number of representatives from the Investor and the Government that is empowered by the Government to:

15.7.7.1 co-ordinate, progress and streamline the process for the application and grant to the Investor of the Permits;

15.7.7.2 expedite customs clearance on the Mongolian side of the Gashuun Sukhait border for the import by or on behalf of the Investor, its Contractors and Subcontractors of goods for Core Operations; and

15.7.7.3 facilitate all Government administrative action required for the timely construction, development and operation of the OT Project;

15.7.8. the rights held by Ivanhoe Mines Ltd at the date of this Agreement in respect of exploration licenses 3148X and 3150X held by Entrйe Gold LLC, are transferred to the Investor, whether by way of contractual entitlement or transfer of the relevant titles (after which such transfer the Government shall have an interest of 34% (thirty four percent) of such rights), and those exploration licenses are converted to mining licenses by the Government before their expiry;

15.7.9. Ivanhoe Mines Ltd has restructured the ownership of the Investor in a country subject to a double-tax treaty with Mongolia to its satisfaction, and the Government shall facilitate in obtaining all necessary licenses, permits and approvals for such restructuring; and

15.7.10. Rio Tinto subscribes for and purchases from Ivanhoe Mines Ltd sufficient shares to take its ownership interest in Ivanhoe Mines Ltd to at least 19% (nineteen percent).

15.8. The Parties will do all things reasonably necessary to make this Agreement effective within 6 (six) months after signing the Agreement.

15.9. Except as provided by Clause 15.26, this Agreement will be of no force or effect if the conditions precedent are not satisfied within 6 (six) months after the date of signing this Agreement, unless the Investor notifies the Government in writing that the relevant condition(s) precedent are not required to be satisfied.

15.10. Without affecting the provisions of Clause 15.7, Clause 15.8 and Clause 15.9, if a change occurs to any laws and regulations of Mongolia between the date of this Agreement and the Effective Date which change is, in the opinion of the Investor, detrimental in any way to the Investor or the OT Project, then the Investor may give notice to the Government that the Effective Date shall not occur and this Agreement shall not be effective.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

15.11. This Agreement shall be extended for a term of 20 (twenty) years ("**Renewal Term**") by the Investor giving notice ("**Renewal Notice**") to the Government no less than 12 months prior to the expiry of the initial 30 (thirty) year term of this Agreement, provided that the following conditions are satisfied:

15.11.1. the Investor demonstrates that the OT Project has been operated in accordance with industry best practice in terms of national and community benefits, environment and health and safety practices;

15.11.2. the Investor has made expenditures of Capital Costs of at least USD9 billion (in nominal USD) in the OT Project prior to the Renewal Notice;

15.11.3. the Investor has complied in all material respects with its obligation to pay Taxes; and

15.11.4. the Investor has complied in all material respects with its obligations under Clauses 3.10.2, 3.23, 7.3 and, if applicable, 6.11.

15.12. The Government shall grant renewal of this Agreement for the Renewal Term if the Renewal Notice is made in accordance with Clause 15.11. If a dispute arises in connection with the renewal of this Agreement, the Parties shall attempt to resolve the dispute in good faith through negotiation within a period of 12 (twelve) months and, failing resolution within this period, the dispute shall be referred to arbitration in accordance with Clause 14.2. During any period of negotiation or arbitration, the Investor shall continue to carry out Core Operations and this Agreement shall continue to apply.

15.13. The attached Annexure to this Agreement forms an integral part of this Agreement.

15.14. This Agreement shall be governed by and interpreted in accordance with the laws and regulations of Mongolia and international treaties to which Mongolia is a party.

15.15. This Agreement supersedes all previous agreements and understandings between the Government and the Investor in relation to matters regulated by this Agreement.

15.16. This Agreement is an investment agreement made for the purposes of implementing Article 29 of the Minerals Law and Resolution Number 57 of the State Great Khural dated 16 July 2009.

15.17. The Government agrees that any change to the laws and regulations of Mongolia (including the passing of any new laws and regulations), or any other requirements that would, but for Clause 2.24.2, be required to be complied with in connection with this Agreement or the conduct of the OT Project, that take effect after the date of this Agreement, and which discriminates against the Investor (taking into account the principles of non-discrimination in Clause 2.3), shall not apply in relation to this Agreement or otherwise in connection with the conduct of the OT Project.

15.18. The Investor has requested, in accordance with Article 30.1 of the Minerals Law, that the Government and the Investor conclude an investment agreement pursuant to Article 29 of the Minerals Law.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

15.19. Expiry or earlier termination of this Agreement does not affect the monetary rights and obligations of the Parties which have accrued prior to the date of such expiry or earlier termination and which remain undischarged at that date, and shall not affect the Investor's right to continue to hold and use the Mining Licenses and other Permits, or any other agreements between the Investor and the Government.

15.20. The Investor and its Affiliates are subject to the anti-bribery/corruption laws of the jurisdictions in which the Investor or its Affiliates (as applicable) are organized, including Mongolia, and the Investor and its Affiliates shall conduct their activities in Mongolia in accordance with their obligations under such laws.

15.21. This Agreement shall be made public.

15.22. The Investor shall comply with laws, regulations and policies adopted with respect to the 'Extractive Industries Transparency Initiative', make appropriate information public and undertake to ensure that its activities are consistent with equivalent international initiatives.

15.23. If any newly approved legislation damages the rights and legitimate interests of a Party, this Agreement's terms and conditions shall be valid and be followed by the Parties. On this basis, the Parties agree, in accordance with Article 29.1 of the Minerals Law, that:

15.23.1. in order to provide a stable tax environment, a reference to a law, regulation, treaty, code or other instrument in this Agreement that is related to Stabilized Taxes means that law, regulation, treaty, code or other instrument of Mongolia in force at the date of this Agreement; and

15.23.2. in order to provide a stable operating environment, a reference to a specific provision of a law, regulation, treaty, code or other instrument in this Agreement that is not related to Taxes means that provision as in force at the date of this Agreement.

15.24. If any law or regulation is passed in Mongolia or an international treaty is entered into by Mongolia after the date of this Agreement and that law, regulation or international treaty provides greater benefits to the Investor than are provided under this Agreement or laws in force on the date of this Agreement, then the Investor may notify the Government in writing that it wishes to enjoy the benefit of that law, regulation or international treaty. In such event, and in accordance with Article 29.1 of the Minerals Law:

15.24.1. without affecting Clause 15.24.2, such law, regulation or international treaty shall apply to the Investor from the date the law, regulation or international treaty comes into effect;

15.24.2. if such law, regulation or international treaty referred to in Clause 15.24.1 is later amended such that it no longer provides a greater benefit to the Investor, the Investor shall from the date this later amendment comes into effect be returned to the status or position it occupied before it gave notice to the Government in writing under this Clause 15.24.

15.25. Articles 5.1, 5.2 and 5.3 of the Civil Code apply to this Agreement.

Монгол Улсын Гадаад харилцааны яам
Гарын үсэг /Signature/ .....
2009 оны 6 сарын 6 өдөр
Улаанбаатар хот
Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

15.26. Clauses 10.2, 15.7, 15.8, 15.9, 15.10, 15.14, 15.24, 15.25, 15.26, 15.27, 15.28, 15.31, 15.32, 15.33, 15.34 and Chapters 14 (Fourteen) and 16 (Sixteen) take effect from the date of this Agreement.

15.27. Each Party warrants to each other Party that at the date of this Agreement it has full power and lawful authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

15.28. The Government warrants that, at the date of this agreement and the Effective Date, this Agreement shall comply with Resolution Number 57 of the State Great Khural dated 16 July 2009.

15.29. If any provision of this Agreement is found to be unenforceable for whatever reason, that provision will be severed from the Agreement, and the remainder of this Agreement shall remain in force.

15.30. Upon mutual consent recorded in writing, the Parties may amend or modify this Agreement.

15.31. The Parties shall co-operate in compiling and delivering all documents necessary to implement this Agreement.

15.32. Any notice or other communication under this Agreement shall be in writing and shall be deemed to have been duly given when it has been delivered by hand, mail or facsimile, with postage or transmission charges fully prepaid, to the Party to which it is required to be given or made at such Party's address specified below (or such other address notified in accordance with Clause 15.33):

To the Minister of Finance:
Ministry of Finance of Mongolia
United Nations Street 5/1
Government Building #2A
Chingeltei District, Ulaanbaatar 15160
MONGOLIA

To the Minister of Mineral Resources and Energy:
Ministry of Mineral Resources and Energy
United Nations Street 5/1
Government Building #2C
Chingeltei District, Ulaanbaatar 15160
MONGOLIA

To the Minister of Nature, Environment and Tourism:
Ministry of Nature, Environment and Tourism
United Nations Street 5/2
Government Building #2B
Chingeltei District, Ulaanbaatar 15160
MONGOLIA

Гадаад харилцааны яам
Гарын үсэг /Signature/ .....
2009 оны 6 сарын 8 өдөр
Улаанбаатар хот
Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

To Ivanhoe Mines Mongolia Inc LLC:
Seoul Business Center
1st khoroo Bayanzurkh District
Zaluuchuud Avenue-26
Ulaanbaatar 210349
MONGOLIA
Attention: Managing Director

With copies only to:

To Ivanhoe Mines Ltd:
World Trade Centre
Suite 654
999 Canada Place
Vancouver, BC
CANADA V6C 3E1
Attention: Company Secretary
Fax: +1 604 682 2060

To Rio Tinto International Holdings Limited:
2 Eastbourne Terrace
London W2 6LG
UNITED KINGDOM
Attention: Company Secretary
Fax: +44 20 7781 1800.

15.33. Where a Party's address changes from the address specified in Clause 15.32, it shall notify the other Parties of its new address in writing as soon as practicable and refusal or inability of a Party to receive an attempted notice delivered in accordance with this Agreement shall not in any way diminish or prejudice any rights of the other Parties.

15.34. This Agreement will be provided and executed in the Mongolian and English languages, with each Party retaining one copy in each language and the Parties agree that the Mongolian and English versions will be treated equally except that, in the event of any legal dispute in the interpretation between the two-language versions, the English version shall prevail.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

16. CHAPTER SIXTEEN: DEFINITIONS

For the purposes of this Agreement the following definitions apply.

16.1. **Achievement of Concentrator Capacity** means the end of the 3 (three) month period in which 70% (seventy percent) of the nameplate capacity for the Concentrator is achieved on average.

16.2. **Affiliate** means, in respect of any legal person, any other legal person that is Controlled by or Controls, or is under common Control with, that legal person, provided that (in addition) any member of the Ivanhoe Group shall be considered an Affiliate of any member of the Rio Tinto Group and vice versa.

16.3. **Agreement** means this agreement and includes the Annexure.

16.4. **Calendar Month** means 1 (one) of the 12 (twelve) calendar months.

16.5. **Calendar Quarter** means a calendar quarter, being either the Calendar Months (i) January, February and March, (ii) April, May and June, (iii) July, August and September, or (iv) October, November, and December.

16.6. **Calendar Year** means a year starting on January 1 and ending on December 31 (inclusive).

16.7. **Commencement of Production** means the date, being the first day of the month following the month in which regular shipment of Products for sale to customers from the OT Project, following achievement of 70% (seventy percent) of planned concentrator throughput based on design capacity at that stage of construction, for a continuous period of 30 (thirty) days, first occurs, as notified to the Government by the Investor, which may be a point in time earlier than the Achievement of Concentrator Capacity.

16.8. **Completion Date** has the meaning given to it in the Shareholders' Agreement.

16.9. **Concentrator** means the concentrator described in the Feasibility Study referred to in Clause 3.6, which shall be expanded in stages over the life of the OT Project to achieve a capacity of approximately 58 million tonnes per year.

16.10. **Construction Period** shall be the period commencing on the Effective Date and ending on the earlier of:

16.10.1. 7 (seven) years after the Effective Date; and

16.10.2. the Achievement of Concentrator Capacity.

16.11. **Contract Area** means:

16.11.1. the area shown on and described in the Annexure, being the area of mining licenses 6709A, 6708A and 6710A; and

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот
Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

16.11.2. all such other additional areas of Mining Licenses and other tenure incorporated under Clause 15.5.

16.12. **Contractor** means any company or individual which has concluded a contract with the Investor (or its Affiliates) to carry out any activities, to make any supplies, or provide any services, in relation to the Core Operations.

16.13. **Control** means, with respect to a legal person, the right to, directly or indirectly, exercise a majority of the votes which may be cast at a general meeting of the shareholders of the legal person or the right to elect or appoint, directly or indirectly, a majority of the directors of the legal person.

16.14. **Core Operations** is defined in Clause 1.5.

16.15. **Council** is defined in Clause 4.1.

16.16. **Effective Date** is defined in Clause 15.7.

16.17. **EIA Reports** is defined in Clause 6.1.

16.18. **EPP** is defined in Clause 6.4.

16.19. **Existing Shareholder Loans** is defined in the Shareholders' Agreement, and the amount of which, as at the Effective Date, is estimated by the Investor, the Ivanhoe Group and the Rio Tinto Group to be approximately USD1 Billion (which amount shall be determined in accordance with Clause 15.7.5). For the purposes of clause 14.1(d)(ii) of the Shareholders' Agreement, the Existing Shareholder Loans shall not include the amount of any expenditure incurred not related to the OT Project, and the amount of any exploration expenditure incurred in connection with the OT Project prior to the date of this Agreement, and such amount of exploration expenditure shall be agreed or determined by the audit described in Clause 15.7.5. The Parties agree that such exploration expenditure shall not include expenditure which is entitled to be capitalized in accordance with internationally recognized accounting principles including, for example, development costs related to drilling, shaft sinking and mine development.

16.20. **Expansion Period** means any period of time during which the Investor is committing significant capital expenditure towards the expansion of the OT Project.

16.21. **Feasibility Study** means a feasibility study for the proposed mining of reserves from the Contract Area, to be prepared in accordance with the requirements of the relevant Mongolian laws and regulations, or equivalent internationally recognized requirements, as updated from time to time.

16.22. **Force Majeure** means an event beyond the control of a Party, including natural disasters such as earthquake, storm, fire, lightning, flood, drought, radioactive contamination, the closure of an international border crossing (on either side), significant labor unrest, and social emergency situations such as plague, war, state of war, and quarantine.

16.23. **Foreign Investment** has the same meaning as "foreign investment" under the Foreign Investment Law as in force on the date of this Agreement.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн
Гарын үсэг /Signature/ .....
2009 оны 06 сарын ...6...өдөр
Улаанбаатар хот
Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

16.24. **Government** has the meaning in Article 3.1 of the Law on the Government of Mongolia.

16.25. **Investor** means Ivanhoe Mines Mongolia Inc LLC a company duly organized in Mongolia with the state registration certificate of incorporation # 2657457 and foreign investor's certificate # 00-218, holding mining licenses 6709A, 6708A and 6710A, being the issuer of a request to enter into an investment agreement and its approved assigns.

16.26. **Investor Infrastructure/Services** means any infrastructure or services funded or provided by or on behalf of the Investor, its Affiliates, and their respective Contractors and Subcontractors in connection with the OT Project.

16.27. **Ivanhoe Group** means Ivanhoe Mines Ltd and each Affiliate of it.

16.28. **Ivanhoe Mines Ltd** means the corporation with that name incorporated under the laws of the Yukon Territory and with its registered office at 300 – 204 Black Street, Whitehorse, Yukon, Canada, Y1A 2M9.

16.29. **Management Services Payment** means the payment for works and services to be made under clause 6.4 of the Shareholders' Agreement.

16.30. **Minerals Law** means the Minerals Law of Mongolia, and any laws of Mongolia amending or in substitution for such law.

16.31. **Mining Licenses** means mining licenses 6709A, 6708A and 6710A issued under the Minerals Law of Mongolia, the mining licences referred to in Clause 15.7.8, and other tenure incorporated under Clause 15.5 (and any renewals, extensions, substitutions or replacements thereof).

16.32. **Non-Stabilized Taxes** is defined in Clause 2.1.

16.33. **Notice** is defined in Clause 10.7.

16.34. **OT Project** means the "Oyu Tolgoi Project" which consists of Core Operations and all ancillary activities that are undertaken on, or in connection with, the Contract Area.

16.35. **OT Project Workforce** means the total number of individuals from time to time engaged by or on behalf of the Investor, its Contractors or any Subcontractors, to perform work or provide services in connection with the OT Project in Mongolia, whether as employees, contractors or otherwise.

16.36. **OT Training Strategy and Plan** is defined in Clause 8.12.

16.37. **Parties** means the Government and the Investor, both of which are the parties to this Agreement, and their permitted successors and assigns. "**Party**" has a corresponding meaning.

16.38. **Permits** is defined in Clause 1.2.

16.39. **Private Placement Agreement** means the placement agreement dated 18 October 2006 between Ivanhoe Mines Ltd and Rio Tinto International Holdings Limited, as amended.

Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....

2009 оны 10 сарын 6 өдөр

Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

16.40. **Products** means:

16.40.1. all copper, gold, silver and molybdenum, whether contained in ores, minerals, concentrates, precipitates or refined products; and

16.40.2. any other metals or minerals, in whatever form, which are contained within copper or gold mineralization,

obtained as a result of Core Operations, after deducting any quantities thereof which are lost, discarded, destroyed or used in research, testing, mining, processing or transportation.

16.41. **Proprietary Technologies** means flash smelting technology for the capture of sulphur rich gases from the smelting process, and flash converting technology used for removal of sulphur and iron impurities.

16.42. **Public Use Infrastructure/Services** is defined in Clause 7.13.

16.43. **Rio Tinto** means Rio Tinto International Holdings Limited, a corporation incorporated under the laws of England and Wales and with its registered office at 2 Eastbourne Terrace, London, W2 6LG, United Kingdom.

16.44. **Rio Tinto Group** means Rio Tinto plc and Rio Tinto Limited, and any Affiliate of either or both of them.

16.45. **Rio Tinto Limited** means the corporation with that name incorporated under the laws of Australia.

16.46. **Rio Tinto plc** means the corporation with that name incorporated under the laws of England and Wales.

16.47. **SHC** is defined in the Shareholders' Agreement.

16.48. **Shareholders' Agreement** means the shareholders' agreement for the OT Project dated on or about the date of this Agreement between the Government, through the Government corporate body 'Erdenes MGL LLC', a State owned company, the Investor, Ivanhoe Oyu Tolgoi (BVI) Ltd, incorporated under the laws of the British Virgin Islands and Oyu Tolgoi Netherlands B.V., incorporated under the laws of The Netherlands.

16.49. **Smelter** is defined in Clause 3.19.

16.50. **Stabilized** means that the rate and basis of imposition for a Tax shall remain stable from the date of this Agreement and during the term of this Agreement, unless lowered by any new or amending laws and regulations.

16.51. **Stabilized Taxes** is defined in Clause 2.1.

16.52. **State** means Mongolia.

16.53. **Statement of Reserves** means a statement of reserves estimate that complies with the requirements of relevant Mongolian laws and regulations.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн
Гарын үсэг /Signature/ .....
2007 оны 10 сарын 6 өдөр
Улаанбаатар хот
Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

16.54. **Standing Working Committee** means the committee described in Clause 15.7.7.

16.55. **Subcontractor** means any company or individual which has concluded a contract with a Contractor (or its Affiliates) to carry out any activities, to make any supplies, or provide any services, in relation to the Core Operations.

16.56. **Taxes** means all taxes, fees and payments as described in Article 5.1 of the General Law of Taxation, and "**Tax**" has a corresponding meaning.

16.57. **Ultimate Parent** means Ivanhoe Mines Ltd and/or Rio Tinto plc.

16.58. **UNCITRAL Rules** is defined in Clause 14.2.

16.59. **USD** and **$** means the lawful currency of the United States of America.

16.60. **Water Approval** means the 'Approval of Water Resource (870 l/sec)' the subject of the Order by the Minister of Nature, Environment and Tourism, Mongolia Number 22 dated January 27, 2009.

16.61. **Working Day** means a day, other than a Saturday or Sunday, on which banks are open for general banking business in Ulaanbaatar, Mongolia.

16.62. **WPT Invalidation Law** means Law on Invalidating the Tax Law on Price Increase for Some Products as enacted by the State Great Khural on 25 August 2009.

In this Agreement, headings are for convenience only and do not affect interpretation. The following rules apply unless the context otherwise requires:

I. The singular includes the plural, and the converse also applies.

II. A reference to a Party to this Agreement or another agreement or document includes a Party's successors, permitted substitutes and permitted assigns.

III. Mentioning anything after *includes, including, for example,* or similar expressions, does not limit what else might be included.

IV. Nothing in this Agreement is to be interpreted against a Party solely on the grounds that the Party put forward this Agreement or any part of it.

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

Signing Pages

IN WITNESS WHEREOF, this Agreement is executed and signed on this **6th day of October, 2009** in the City of Ulaanbaatar.

For and on behalf of the Government of Mongolia:

Minister of Mineral Resources and Energy D. Zorigt	Signature: ..... Date: 2009.10.06
Minister of Finance S. Bayartsogt	Signature: ..... Date: 2009.10.06
Minister of Nature, Environment and Tourism L. Gansukh	Signature: ..... Date: 2009.10.06

For and on behalf of Rio Tinto International Holdings Limited Bret Clayton Chief Executive, Copper and Diamonds Group Rio Tinto	Signature ..... Date: Oct 6, 2009

Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн
Гарын үсэг /Signature/
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

For and on behalf of Ivanhoe Mines Ltd. Peter Meredith Deputy Chairman	Signature ..... Date: Oct 6, 2009

For and on behalf of Ivanhoe Mines Mongolia Inc LLC Keith Marshall Managing Director	Signature ..... Date: 6/10/2009

SIGN HERE

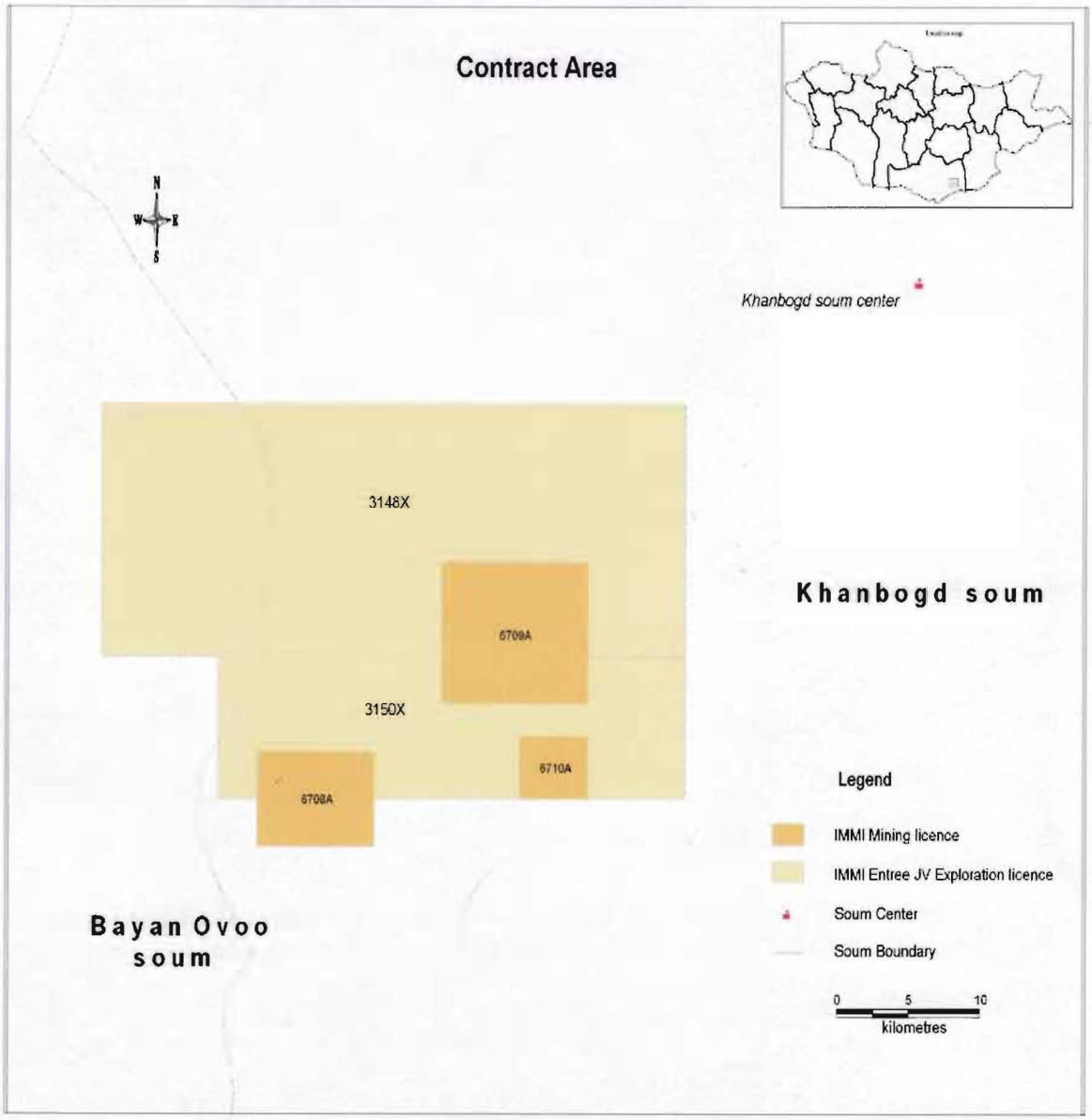
Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

ANNEXURE

CONTRACT AREA (AS AT DATE OF AGREEMENT)



Монгол Улсын Гадаад харилцааны яам
Албан ёсны орчуулга мөн

Гарын үсэг /Signature/ .....
2009 оны 10 сарын 6 өдөр
Улаанбаатар хот

Ministry of Foreign Affairs and Trade of Mongolia
OFFICIAL TRANSLATION

МАЙНЗ МОНГОЛИЯ ХХК IMMI