VANCOUVER, BRITISH COLUMBIA--(Marketwired - Dec 15, 2016) -

Statement: (The following statement from Ivanhoe Mines (TSX:IVN)(OTCQX:IVPAF) has been issued in response to a column published December 15, 2016, by The Globe and Mail newspaper's Report on Business involving executive compensation.)

A column published online and in the Report on Business section of today's Canadian Globe and Mail newspaper misleads readers with false and damaging information concerning elements of compensation awarded to Ivanhoe Mines founder and Executive Chairman Robert Friedland.

Globe and Mail columnist Tim Kiladze, citing what he claimed are "egregious" compensation policies involving stock and option awards to executives of Canadian mining companies, presented information about practices at Ivanhoe Mines that he says benefited Mr. Friedland. Mr. Kiladze indicated that his information came from Ivanhoe's 2016 proxy circular, which is published annually to inform shareholders.

But the actual content of the Ivanhoe proxy circular clearly shows that The Globe and Mail did not correctly report the facts.

Specifically:

- The Globe and Mail column claimed that Mr. Friedland "has six million stock options" from a 2011 restructuring at Ivanhoe Mines, "all of which are now back in the money, meaning they have value again, considering they can be exercised at $2.40." (Ivanhoe stock reached a three-and-a-half-year high of C$2.98 on the Toronto Stock Exchange this week.) The truth, as affirmed by Ivanhoe's 2016 proxy circular, is that the options are not in Mr. Friedland's hands and, indeed, they do not exist. The proxy circular reported that the options expired – without ever being exercised – 10 months ago, on February 17 this year.

- The Globe and Mail column also ignored a notice on a list in the proxy circular declaring that exercise prices of two other option awards to Mr. Friedland, in 2015 and 2014, were shown in U.S. dollars. But The Globe failed to correctly report the exercise prices in U.S. dollars. Instead, The Globe misrepresented the exercise prices as lower-valued Canadian dollars, creating a mistaken appearance of a substantially lower price. The Globe understated the actual exercise prices by 39%. This served to support the columnist's criticism of options, but potentially could mislead readers and create a false appearance of an excessive executive benefit. The Globe also ignored another table in the proxy circular that did contain the correct, much higher exercise prices in Canadian dollars.

- The Globe and Mail incorrectly reported that half of the bonuses awarded to Mr. Friedland and some other Ivanhoe executives in 2015 for successfully securing a US$412 million investment from China's Zijin Mining "were paid in shares". The Globe knew, but failed to report, that half of the bonuses actually were awarded in the form of Restricted Share Units. Unlike regular shares, which would be immediately tradable when issued, the proxy circular explained that these Restricted Share Units vest in three equal installments over three years and also may be subject to performance conditions. This means that the recipient has to continue to provide services to the company for at least a further year before receiving any payment in shares when the RSUs vest. They are not a gratuitous payment of free shares.

The accuracy of The Globe and Mail's intended use of these details was not checked with Ivanhoe Mines before publication.

The Globe and Mail knew, but chose not to recognize the fact, that on two occasions during the past three years Mr. Friedland participated in equity financings by Ivanhoe Mines – at C$2.00 and C$1.50 per share – investing a total of C$53.8 million to maintain his proportionate equity ownership in the company and to help ensure that Ivanhoe Mines had sufficient funding to continue with its exploration and development activities.

The Ivanhoe Mines proxy circular states, in part, "The purpose of the company's compensation program for senior executives is to provide incentives to attract, motivate and retain qualified and experienced executives, to align their interests with the interests of the company's shareholders, and to provide for transparent and defensible compensation."

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