

THE NORTHERN MINER

THE GLOBAL
MINING
NEWSPAPER

www.northernminer.com

OCTOBER 13-19, 2008 VOL. 94, NO. 34 • SINCE 1915

Copper ‘the real gold’: Friedland

BY TRISH SAYWELL

Describing many of the world’s current copper projects as “old ladies waiting in bed to die,” Robert Friedland, chief executive of **Ivanhoe Mines** (IVN-T, IVN-N), told analysts and investors at the Denver Gold Forum last month that if they were “going to buy one metal, buy copper.”

The mining entrepreneur cited copper’s role in the production of electric

automobiles as a key factor in rising demand for the metal.

“It’s very clear we’re heading to an electrical world in transportation,” he continued. “We’re not going to have electrical airplanes, but anything that moves on the ground is going to move on copper. . . You need copper for an electric car.”

According to Friedland, a typical hybrid automobile contains about 300 lbs. more

metal than comparable non-hybrids, including an extra 50 lbs. of copper.

The new age of all-electric cars, plug-in rechargeable hybrids and gasoline-electric hybrids has automakers lining up supplies of copper and weight-saving aluminum, he explained to delegates at the show in Colorado.

China is already consuming 30% of the world’s copper supply, up from about 10% a decade ago, he said, and “it’s frightening



BY TRISH SAYWELL

The headframe and shaft at Ivanhoe Mines’ Oyu Tolgoi copper-gold project, in Mongolia. In an address at the Denver Gold Forum, Ivanhoe CEO Robert Friedland plugged the virtues of copper, demand for which he sees as rising.

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IVANHOE MINES CEO ROBERT FRIEDLAND

what will happen in the next decade."

In a Sept. 30 research report, Citi Investment Research wrote that copper is "well positioned due to supply-side constraints" that span "shortfalls at current mines, delays at mega-projects, and contract cancellations by host governments."

For next year, Citi forecasts the price of copper will be about US\$3.65 per lb. But that figure is below its previous forecast of US\$4.75 per lb, due to the current economic climate.

In Denver, Friedland said that Ivanhoe may be close to signing an investment agreement with the Mongolian government on its massive Oyu Tolgoi copper-gold project in the Gobi Desert.

"The day is very rapidly dawning when

we will finalize an agreement," he told analysts and investors. "We've got as many people talking with the Mongolian government as exist in this room. . . I'm extremely confident that Mongolia, Rio Tinto and Ivanhoe will reach a mutually beneficial agreement."

Ivanhoe and its partner, **Rio Tinto** (RTP-N, RIO-L) submitted a draft investment agreement to the government in July 2007 and are still waiting for an answer.

Discussions around an investment agreement started four years ago and have now spanned four different administrations.

As of March, the massive Oyu Tolgoi project had a measured and indicated

resource of 1.4 billion tonnes grading 1.33% copper and 0.47 gram gold per tonne for 40.7 million lbs. copper and nearly 21 million oz. gold.

The deposit also has a total inferred resource of 2.2 billion tonnes grading 0.8% copper and 0.35 gram gold per tonne. (Both sets of figures include resources on **Entrée Gold's** [ETG-T, EGI-X] Hugo North Extension and Heruga deposits, subject to 80% earn-in rights by Ivanhoe.)

Ivanhoe's construction camp has moved from a handful of yurts in the Gobi Desert in 2001 to a massive complex with an airport and an 800-seat dining hall.

Ivanhoe has completed its first shaft to the 1,385-metre drift level, the deepest excavation in Mongolia's history.

"These Mongolian men make superb miners," Friedland declared, noting that they sank the shaft at a rate of 90 metres per month and at about half what it would have cost in South Africa.

At presstime, Ivanhoe traded at \$4.69 per share, near the low end of its 52-week trading window of \$4.46-15.50 per share.

The Vancouver-based company has about 375.6 million shares outstanding.