



IVANHOE PHILIPPINES, INC.

August 3, 2011

DIR. LEO L. JASARENO
Acting Director
Mines and Geosciences Bureau
North Ave., Diliman
Quezon City

Dear Director Jasareno,

I am quite shocked and astounded by the letter of Mr. Gamutan concerning his complaint on the "attempted tampering of laboratory assay result." I thought that this was already resolved during my phone conversation and e-mail messages to him explaining that it is an honest mistake. What I have given him are geochemical data from our database which I said still needed further verification. The file in our database is so large and other data that are not relevant such as, sample descriptions, geologist name, date sampled, date analyzed, area where sample is collected, type of samples and Bi, Co, Ni, etc. have to be excluded, including assays from other areas in Mindanao. I have to export the necessary data that can fit into an A4 size paper. From the database, I have to copy and paste all the needed data. In my action, I have misplaced or have placed the assays mistakenly with the wrong sample codes. The shifting of data from the database file format to a concise one has created disparity and without checking or verifying, they send it straightaway to Mr. Gamutan. I have come to know and realized the error when I asked for the McPhar report from the GIS file and compared it on the assays I have sent. I immediately informed Mr. Gamutan about the error and apologized for my mistake, as can be seen on my e-mail message to Mr. Gamutan. If it is done intentionally, I should have not sent him the original McPhar result as well as the geologist's report. At that time, I could have covered it up but I did not. **Once again it is an honest mistake and there is no intention to manipulate the assay data.** For this reason, we have imposed strict measure on copy of data requested by claimholders. Before releasing any copy of the data, the geologists should first review them, then further checking by the GIS and a final review by the Country Manager. No data can be released or given without the three Ivanhoe Phils. staff corroborating on the accuracy of the data.

My superiors has already done an investigation a long time ago on this blunder and have cautioned me on releasing requested information without a "Confidentiality Agreement" and to double check the accuracy of the data.

It appears that Mr. Gamutan was not satisfied on my explanation and clarification on the issue. **Once again there is no intention to edit or report erroneous data, it is an honest mistake, a mistake which I regret.** However, from that mistake I learned to be more careful and meticulous.

I hope this explain everything and show without a doubt that myself including Mr. AUSA have not committed the act of tampering laboratory results as well as unethical behavioral conduct contrary to the company's corporate code of ethics and the standards set by PRC. I earnestly ask Mr. Gamutan to once and for all accept the whole truth behind the lapses and slip – up.

Lastly, what can Mr. AUSA and myself gain by tampering and falsifying the assays when in fact the geologist report has indicated limited Cu and basemetal mineralization.

Thank You,

Sincerely yours,



LEO S. DEIPARINE
Country Manager

cc: **Mr. Muhammad Jamil Gamutan**, al Hadj
President
Jabal Dev. Mining Inc.
Carlito a. AUSA
Sr. Exploration Geologist
Ivanhoe Phils., Inc.