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IVANHOE MINES ANNOUNCES Q2 2006 RESULTS

NEW MINE-PLAN INITIATIVES DESIGNED TO RAISE RETURNS AND REDUCE RISK AS FIRST SHAFT AT OYU TOLGOI COPPER-GOLD PROJECT PASSES 400 METRES IN DEPTH

Singapore — Ivanhoe Mines today announced its results for the second-quarter of 2006. (All figures are in US dollars unless otherwise stated).

Ivanhoe Mines is continuing to make significant progress in realizing the potential of its copper, gold and coal resources in southern Mongolia. Strategic planning and development activities for the Oyu Tolgoi copper and gold mine complex have centered on reducing the project's production and technical risk and optimizing underground mine planning. The Company has made a decision to move to a dual grinding-circuit configuration in the layout of the concentrator. This is seen as a significant step by Company management to reduce technical risk as it brings the SAG Mill and other equipment specifications in line with proven technology at similar plants operating around the world. In addition, dual circuits will reduce production risk by providing a means of continuing production in the event of equipment/mining outages once Oyu Tolgoi is operational.

Engineering work is well advanced to develop a "starter underground mine" employing a sub-level caving mining method sequenced between the initial open pit mine at Southern Oyu and the large block cave development of the Hugo North deposit. The sub-level caving method would access high grade mineralization high up in the Hugo North deposit, using the infrastructure of Shaft #1 currently under construction. In addition to reducing the technical risk of the underground mine, a sub-level cave could provide a significant source of cash-flow to develop the block cave and enhance project value.

Work on Shaft # 1, a 6.7-metre-diameter exploration and production shaft at Oyu Tolgoi, continues on plan. The shaft sinking, presently averaging 3.1 metres per day, has reached a depth of approximately 400 metres below surface. The sinking of Shaft #1 to a planned depth of 1,340 metres below surface is expected to be completed in late-2007, with underground drifting and drilling occurring in 2007 and 2008. The completion of this shaft will allow for the early exploitation of a high-grade upper portion of the Hugo North deposit, as well as expedite the conversion of the current Hugo North resources into proven and probable reserves.

Initial development work for Shaft # 2, a 10-metre-diameter production and service shaft, has commenced. In addition, preliminary construction activities involving site preparation, excavation for concentrator foundations and the construction of accommodation facilities are in progress. These activities, in conjunction with engineering and procurement efforts, are seen as critical to minimizing any schedule risk associated with the project.

The Company is at a very important transition point as it moves from exploration-focused activities into the mine development phase and ultimately into operations. The Company's most significant short-term objective is to have all necessary approvals for the development of its Oyu Tolgoi flagship project before January 2007. It is anticipated that first production could commence in less than 30 months from that date, giving a potential start-up date of mid-2009.

The Mongolian Government met its publicly stated commitment to finalize important changes to specific taxation and minerals legislation early in July 2006. This was an important development as

the Mongolian Government had previously publicly stated that it wanted to have the revised laws approved by parliament before it negotiated an Investment Contract with Ivanhoe. The finalization of an Investment Contract with the Mongolian Government will be a very important milestone toward the development of Oyu Tolgoi. Formal Investment Contract discussions with the Government are now expected to commence during the third quarter of 2006.

There has been a concerted effort by the Company in recent months to build a broad, general understanding among the Government, Members of Parliament, civic groups and the general public of the Oyu Tolgoi Project and the benefits it will bring to Mongolia. Ivanhoe Mines considers this to be a critical support activity for the finalization of the Investment Contract.

To support the development of Oyu Tolgoi, Ivanhoe Mines is continuing to investigate the opportunities its other projects present in providing funds to advance the development of Oyu Tolgoi. The Company continues to believe that its projects in Australia, Myanmar and Kazakhstan remain undervalued by the market. Realizing their potential in a full or partial sale in the private or public markets would provide additional funds for the development of Oyu Tolgoi and confirm their true worth to the investment community.

The Company recently has been engaged in detailed discussions with numerous potential industry partners who have expressed an interest in the development of Oyu Tolgoi and its related infrastructure, as well as in overall strategic partnerships. The Company believes that the continuing consolidation of the mining industry highlights the scarcity of attractive greenfields development projects. Oyu Tolgoi is unique in its location, size and grade — a fact now recognized by major players in the industry.

Mongolia: Coal division merger with Asia Gold

The second quarter also was highlighted by the announcement of a plan to transfer the Company's Mongolian Coal division to Asia Gold Corp. in exchange for approximately 82.6 million shares of Asia Gold. On August 8th, the minority shareholders of Asia Gold voted 99% in favor of approving the merger transaction. Closing of the transaction is subject to receipt of final approval from securities regulatory authorities and the fulfillment of certain conditions precedent, including completion of the transfer of certain mineral exploration licenses in Mongolia, applications for which have been submitted to the relevant Mongolian governmental authorities and are pending. The new company will be re-named Ivanhoe Coal Ltd. once the transaction has closed.

Kazakhstan: Bakyrchik Gold Project

The rise in the gold price during 2006 significantly improves the economics of this project. In Q1'06, discussions were held between representatives from the Company and various Kazakhstan Government authorities on the current status and future prospects of the Bakyrchik Project. Ivanhoe Mines reached a satisfactory agreement with the Kazakhstan Government authorities in Q1'06 that extended the project exploration licenses for five years. The Company has received a similar five-year extension for its investment commitment for the project.

The Company is reviewing an updated Technical Report and is planning a major exploration program on its Kazakhstan mineral licenses during the second half of 2006. The start of the program will be subject to the receipt of various Government approvals that will allow expatriate personnel to enter the country and commence the exploration program.

Financing alternatives, including a possible public offering of a company holding the Bakyrchik Project, are being considered.

Myanmar: S&K Copper Mine Joint Venture

The S&K mine resumed normal operations on April 2, 2006. Copper cathode production for the quarter totalled 5,141 tonnes, representing a 57% increase over Q1'06 and a 44% decrease from Q2'05.

During the quarter, the Company continued its detailed discussions with interested parties regarding the possible sale of an interest in the S&K Mine. Ivanhoe Mines has a 50% interest in the company that operates the S&K Mine.

Australia: Update on Operations at Savage River iron ore mine

A brief fire occurred in the concentrator at the Savage River iron ore mine in Tasmania, Australia, at the end of June'06. The temporary curtailment of operations as a result of this fire and a 3% decrease in pellet prices announced for the 2006-2007 year are expected to affect the total pellet premium proceeds expected to be received by the Company in March 2007, which are estimated at approximately \$20 million. The fire did not impact the mine's current mineral reserves. The Company expects that the aggregate future contingent payments will not be affected.

Australia: Cloncurry Project

The Cloncurry Project, covering an area of more than 1,450 square kilometres, was acquired in September 2003. Since its acquisition, Ivanhoe Mines has been conducting a comprehensive exploration program on the property, with the objective of identifying bulk-tonnage copper-gold mining opportunities.

In Q2'06, the Company initiated a 5,000-metre drill program focused on the strongest combined anomalies identified from the recently completed geophysical program and previous copper and gold soil anomalies on the Amethyst Castle Project and the Three Amigos Project.

China: Jinshan Gold Mine Nearing Production

On April 24, 2006, Jinshan Gold Mines Inc., a company that is 52% owned by Ivanhoe Mines, announced the completion of the final feasibility study for its CSH (217) Gold Project open-pit mine in Inner Mongolia, China. The study indicates that the mine would be capable of producing approximately 117,000 ounces of gold per year for an initial mine life of approximately nine years at an average cash cost of approximately \$253 per ounce. The feasibility study estimates total Proven and Probable open-pit reserves at 66.7 million tonnes averaging 0.75 grams per tonne gold, containing approximately 1.2 million ounces of recovered gold. The study was prepared by KD Engineering of Tucson, Arizona, pursuant to Canada's National Instrument 43-101.

Jinshan is negotiating bank financings to complete the development of the CSH (217) Project. Jinshan expects to receive its mining permit in the third quarter of 2006, which will authorize the start of commercial gold mining operations. Assuming all the required permits are received as scheduled, Jinshan expects that it will be capable of commencing commercial gold production in early 2007. In the meantime, mine construction and excavation is underway, including the construction of a crushing plant, the excavation and pouring of concrete foundations for the process plant, construction of the pregnant solution and overflow pounds, installation of the modular process plant and the installation of the leach pad.

Senior Executives Appointed

On May 16, 2006, Ivanhoe's President John Macken was appointed Chief Executive Officer and Tony Giardini was appointed Chief Financial Officer. Robert Friedland, the Company's previous CEO and Chairman, was appointed Executive Chairman; Peter Meredith, previously CFO of the Company, was appointed Deputy Chairman; and David Korbin was appointed to the Company's Board of Directors. These appointments have strengthened the senior management team and board of directors as the Company continues with the development and construction of the Oyu Tolgoi copper and gold project.

Financial Results

During the quarter, the Company recorded a net loss of \$40.3 million (or \$0.12 per share), compared to a net loss of \$25.2 million (or \$0.08 per share) in Q2'05. The increase in the loss from 2005 to 2006 was primarily due to a \$6.1 million increase in exploration expenses, a \$3.5 million increase in stock compensation expense and a \$10.2 million decrease in income from the Monywa Copper joint venture, less a \$3.0 million increase in foreign exchange gains. Exploration costs are charged to operations in the period incurred and as a result often constitute the bulk of the Company's operation loss for that period.

Ivanhoe's results for the Q2'06 and the first six months of 2006 are contained in the unaudited Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, available on the SEDAR website at www.sedar.com and Ivanhoe's website at www.ivanhoemines.com.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes our quarterly results for the last eight financial quarters:

(Expressed in millions of U.S. dollars, except per share amounts)	Quarter ended			
	Jun 30 2006	Mar 31 2006	Dec 31 2005	Sept 30 2005
Exploration expenses	(39.9)	(27.0)	(40.1)	(28.9)
General and Administrative	(9.8)	(11.0)	(5.8)	(7.3)
Share of (loss) income from joint venture	(2.4)	4.5	(0.5)	8.0
Gain (loss) on foreign exchange	4.7	(0.2)	(0.4)	7.1
Net (loss) from continuing operations	(45.7)	(31.1)	(49.8)	(20.6)
Net income from discontinued operations	5.4	7.9	7.9	6.4
Net (loss)	(40.3)	(23.2)	(41.8)	(14.3)
Net (loss) income per share				
Continuing operation	(0.14)	(0.10)	(0.16)	(0.07)
Discontinued operations	0.02	0.03	0.03	0.02
Total	(0.12)	(0.07)	(0.13)	(0.05)

	Jun 30 2005	Mar 31 2005	Dec 31 2004	Sept 30 2004
Exploration expenses	(33.8)	(24.4)	(24.2)	(28.5)
General and Administrative	(5.9)	(4.8)	(6.2)	(6.0)
Share of income from joint venture	7.8	7.7	6.5	4.6
Gain (loss) on foreign exchange	1.7	(0.6)	3.5	4.2
Net (loss) from continuing operations	(31.1)	(24.2)	(26.6)	(25.5)
Net income from discontinued operations	5.9	15.7	9.5	0.7
Net (loss)	(25.2)	(8.5)	(17.1)	(24.8)
Net (loss) income per share				
Continuing operation	(0.10)	(0.08)	(0.08)	(0.09)
Discontinued operations	0.02	0.05	0.03	0.00
Total	(0.08)	(0.03)	(0.05)	(0.09)

Ivanhoe shares are listed on the Toronto and New York stock exchanges and NASDAQ under the symbol IVN.

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Forward-Looking Statements: This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning estimates of the planned development and engineering at the Oyu Tolgoi project, statements concerning the expected timing and outcome of Ivanhoe Mines' discussions with representatives of the Government of Mongolia for a stability agreement in respect of the Oyu Tolgoi project, statements relating to planned sale of the Mongolian Coal Division to Asia Gold, statements relating to expected production from the Nariin Sukhait coal project, statements relating to future, contingent payments for the sale of Savage River mine, statements relating to the continued advancement of Ivanhoe Mines' projects and other statements which are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Ivanhoe believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements are disclosed under the heading "Risk Factors" and elsewhere in the corporation's periodic filings with Canadian and US securities regulators.