

IVANHOE MINES ANNOUNCES Q1 2006 RESULTS

Singapore — Ivanhoe Mines today announced its results for the first-quarter of 2006. (All figures are in US dollars unless otherwise stated). The Company recorded a net loss of \$23.2 million (or \$0.07 per share) for the first quarter of 2006 compared to a net loss of \$8.5 million (or \$0.03 per share) in Q1'05. The increase in the loss from 2005 to 2006 is primarily due to a \$3.2 million decrease in income from our joint venture, a \$7.7 million decrease in income from the sale of discontinued operations and a \$6.4 million increase in stock compensation expense.

Total exploration and development expenditures capitalized in Q1'06 totalled approximately \$10.3 million, compared to \$2.3 million in Q1'05. In Q1'06, Ivanhoe Mines expensed \$27.0 million in exploration and development activities, compared to \$24.4 million in Q1'05. The majority of the \$27.0 million was spent on Ivanhoe Mines' Mongolian properties (\$22.6 million compared to \$21.2 million in Q1'05). Approximately \$17.0 million, or 75%, of the \$22.6 million was spent on the Oyu Tolgoi Project and various coal exploration activities in the South Gobi region of Mongolia. The remaining 25% was mainly spent on the Kharmagtai project, regional reconnaissance, licence holding fees and general, in-country administrative charges.

At March 31, 2006, consolidated working capital was \$99.8 million, including cash of \$94.2 million, compared with working capital of \$127.6 million and cash of \$101.7 million at December 31, 2005.

On April 25, 2006, Ivanhoe Mines completed a financing that consisted of 18.4 million common shares at a price of \$9.08 per common share (Cdn\$10.28), representing an aggregate amount of \$167.2 million (Cdn\$189.2 million).

Highlights:

Mongolia, Oyu Tolgoi Copper and Gold Project

Integrated Development Plan — During the quarter, the construction of the headframe, hoisting plant, associated infrastructure and pre-sinking excavation for Shaft #1, a 6.7-metre-diameter exploration shaft, was completed. This infrastructure will allow the Company to access the deep potential of the Hugo North deposit as it moves forward in the development of the Oyu Tolgoi Project. As of May 12, 2006, the shaft had reached a depth of approximately 200 metres below surface.

Mine planning update — Recent drilling and mine planning initiatives suggest that alternative approaches to the mine schedule may yield higher returns and/or lower the risk associated with the initial mine's Integrated Development Plan (IDP). Studies are ongoing into applying a sub-level-cave mining method to a high-grade zone located in the shallowest part of the southern end of the Hugo North deposit and analyzing the possibility of starting underground mining earlier than previously contemplated. Under the scenario being analyzed, future production from this shallow zone would reach an estimated 15,000 tonnes per day in the third year of the project life and would extend for a minimum period of five years until the large deep block-cave begins on the Hugo North deposit. Additional studies planned for later this year will focus on increasing the open pit life, ultimate underground production and milling throughput tonnages beyond the 140,000 tonnes per day reported in the IDP. Management anticipates that production from an estimated 29-year mining life in the open

pit, coupled with block-caving operations at Hugo North and Hugo South, could ultimately increase mill throughput into the 200,000 to 250,000 tonnes per day range.

Reserve and resource estimates — During the quarter, the Company announced reserve estimates for the open-pit southern part of the Oyu Tolgoi Project and provided an updated resource estimate, which incorporated drilling results from the Ivanhoe-Entrée property up to January 13, 2006.

Stability Agreement — In March 2006, a delegation of Ivanhoe Mines' senior management met with leaders and senior officials of the Government of Mongolia and presented a series of investment-related initiatives aimed at facilitating the completion of the Special Stability Agreement. The meetings coincided with a series of encouraging statements from Mongolia's political leadership reaffirming a commitment to the early conclusion of a stability agreement with Ivanhoe Mines and to maintaining a positive environment for foreign investment.

Based on these developments, Ivanhoe Mines' senior management is optimistic that the Special Stability Agreement can be concluded successfully within a timeframe that will not unduly delay the development of the Oyu Tolgoi Project.

Other Projects

Kazakhstan: Bakyrchik Project — The rise in the gold price, from \$520 per ounce at the beginning of 2006 to \$715 per ounce currently, has the potential to significantly improve 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, extending the Project exploration licences for five years. The Company has received a similar five-year extension for its investment commitment for the project which, subject to the finalization of certain documentation, may allow the Company to advance the project to commercial production following an aggressive schedule.

Jinshan Gold Mines — On April 24, 2006, Jinshan Gold Mines Inc. announced the completion of the final feasibility study for its Project 217 open-pit gold 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. Details of the study, which was prepared by KD Engineering of Tucson, Arizona, pursuant to Canada's National Instrument 43-101, are contained in Jinshan's April 24, 2006, news release. Joseph Keane, President of KD Engineering, and Mario E. Rossi, of GeoSystems International Inc., and John Nilsson, of Vancouver, Canada, qualified persons, supervised the preparation of the technical and scientific information contained in the release.

Mongolia Coal — In Q1'06, the Company also announced the results of an updated resource estimate for the Nariin Sukhait Coal Project located in southern Mongolia. Total coal resources contained in two separate fields, the South-East Field and the West Field, were estimated at 124.0 million tonnes of Measured plus Indicated resources (79.5 million tonnes of Measured resources and 44.5 million tonnes of Indicated resources) and an additional Inferred resource of approximately 33.8 million tonnes. The new estimate was independently prepared by Norwest Corporation of Salt Lake City, Utah, pursuant to Canada's National Instrument 43-101. Details of the classification, estimation and reporting of coal resources are contained in Ivanhoe's February 14, 2006, news release. Steven

B. Kerr, Senior Geologist with Norwest Corporation, a qualified person, reviewed and approved the technical and scientific information in the release.

On April 26, 2006, the Company announced its plans to transfer its Mongolian coal division into Asia Gold in exchange for approximately 82.6 million common shares of Asia Gold. The transaction, once completed, will result in Ivanhoe Mines owning approximately 91.4% of the issued and outstanding common shares of Asia Gold. As part of the transaction, Ivanhoe Mines has agreed to extend an interim working line of credit to Asia Gold of \$10 million. The transaction is subject to the signing of a definitive agreement, regulatory approvals and the approval of Asia Gold's minority shareholders.

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.

On April 18, 2006, the Company announced a 5,000-metre drill program with the intent to focus 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.

Australia: Sale of Savage River Iron Ore Mine — In Q1'06 the Company received a total of \$34.7 million, which included \$6.7 million representing principal and accrued interest repayment of the final tranche of the \$21.5 million guaranteed cash payments, as well as \$28.0 million representing the first contingent annual payment.

The Iron ore industry's negotiations to set the 2006 benchmark price for iron ore pellet prices are still ongoing. Iron ore pellet prices for the period from April 1, 2006 to March 31, 2007 are currently forecasted to increase over 2005 prices. The Savage River sale agreement provides for escalated contingent premiums based on iron ore pellet annual prices. In 2006, if pellet prices were to equal or exceed \$80 per tonne, an increase of approximately 13% over 2005 prices, the Company would receive the maximum premium agreed under the Savage River sale agreement equivalent to \$16.50 per tonne.

Ivanhoe's results for the first three 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.

SELECTED QUARTERLY DATA

(Expressed in millions of U.S. dollars, except per share amounts)	Quarter ended			
	Mar 31 2006	Dec 31 2005	Sept 30 2005	Jun 30 2005
Exploration expenses	(27.0)	(40.1)	(28.9)	(33.8)
General and administrative	(11.0)	(5.8)	(7.3)	(5.9)
Share of income from joint venture	4.5	(0.5)	8.0	7.8
(Loss) gain on foreign exchange	(0.2)	(0.4)	7.1	1.7
Net (loss) from continuing operations	(31.1)	(49.8)	(20.6)	(31.1)
Net income from discontinued operations	7.9	7.9	6.4	5.9
Net (loss)	(23.2)	(41.8)	(14.3)	(25.2)
Net (loss) income per share				
Continuing operation	(0.10)	(0.16)	(0.07)	(0.10)
Discontinued operations	0.03	0.03	0.02	0.02
Total	(0.07)	(0.13)	(0.05)	(0.08)
	Mar 31 2005	Dec 31 2004	Sept 30 2004	Jun 30 2004
Exploration expenses	(24.4)	(24.2)	(28.5)	(24.8)
General and administrative	(4.8)	(6.2)	(6.0)	(4.8)
Share of income from joint venture	7.7	6.5	4.6	6.1
(Loss) gain on foreign exchange	(0.6)	3.5	4.2	(1.4)
Net (loss) from continuing operations	(24.2)	(26.6)	(25.5)	(23.1)
Net income from discontinued operations	15.7	9.5	0.7	2.2
Net (loss)	(8.5)	(17.1)	(24.8)	(21.0)
Net (loss) income per share				
Continuing operation	(0.08)	(0.08)	(0.09)	(0.09)
Discontinued operations	0.05	0.03	0.00	0.01
Total	(0.03)	(0.05)	(0.09)	(0.08)

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

Information contacts:

Investors: Bill Trenaman: +1.604.688.5755 / Media: Bob Williamson: +1.604.688.5755

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 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.