

Ivanhoe Mines and Entrée Gold Finalize Earn-In Agreement

ULAANBAATAR, MONGOLIA — Ivanhoe Mines' Deputy Chairman Edward Flood announced today that the company has closed its previously announced earn-in and equity participation agreement with Entrée Gold to explore and potentially develop approximately 40,000 hectares of Entrée's 100%-owned, Shivee Tolgoi (Lookout Hill) property, adjacent to Ivanhoe's Oyu Tolgoi (Turquoise Hill) copper-gold discovery in Mongolia.

The agreement contains a number of conditions for Ivanhoe to earn a participating interest in the project, including a requirement to invest, on an unconditional basis, a minimum of US\$3 million during the first year in exploration, consisting of US\$500,000 on geophysics and US\$2.5 million on drilling. Ivanhoe plans to begin geophysics on the optioned property shortly.

This US\$3 million investment will secure for Ivanhoe a long-term option to utilize any and all rights Entrée may have for the surface of the optioned property to construct mine buildings, tailings ponds, waste dumps, power lines and roads — as may be necessary or convenient for the conduct of Ivanhoe's operations on its adjacent properties — providing that Ivanhoe first completes condemnation drilling to ensure that there is no economic mineralization below the surface of the areas directly affected. Additional details of the earn-in agreement are in Ivanhoe Mines' news release of October 18, 2004, which can be found on Ivanhoe's website at www.ivanhoemines.com.

By spending US\$35 million on exploration and/or development of the property over eight years and earning a 70% interest, Ivanhoe will be deemed to hold:

- ❑ an increased participating interest of **80%** in all minerals extracted below a sub-surface depth of 560 metres on the optioned property; and
- ❑ a **70%** interest in all minerals extracted from surface to a depth of 560 metres.

As part of the transaction, Ivanhoe has purchased 4.6 million Entrée units at a price of CDN\$1.00. Each unit consists of one Entrée common share and one purchase warrant exercisable for two years to purchase an additional Entrée common share at a price of CDN\$1.10. Upon completion of the unit purchase, and assuming the full exercise of Ivanhoe's warrants, Ivanhoe will own approximately 17% of Entrée's issued and outstanding shares.

Ivanhoe shares are listed on the NASDAQ market under the symbol HUGO and on the Toronto and Australian stock exchanges 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 Ivanhoe's right to earn a participating interest in Entrée Gold's Shivee Tolgoi Project and other statements that 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 Mines 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, US and Australian securities regulators.