July 21, 2003

Turquoise Hill Gold and Copper Project Update

FAR NORTH ZONE JUMPS TO 16 BILLION POUNDS OF COPPER AND TWO MILLION OUNCES OF GOLD AS HIGH-GRADE CORE DOUBLES IN SIZE

NEW, INDEPENDENT RESOURCE ESTIMATE CONFIRMS THAT TURQUOISE HILL HOSTS ONE OF THE WORLD'S LARGEST GOLD/COPPER PORPHYRY SYSTEMS

ULAANBAATAR, MONGOLIA — **Ivanhoe Mines' Chairman Robert Friedland and Executive Vice-President, Exploration, Douglas Kirwin announced today that a new, independent estimate prepared by AMEC E&C Services (AMEC) of Canada, indicates that the Far North Zone at the company's Turquoise Hill (Oyu Tolgoi) Project now contains inferred resources of 618 million tonnes grading 1.19% copper and 0.10 grams of gold (g/t) per tonne, at a 0.60% copper equivalent cut off, containing approximately 7.4 million tonnes (16.3 billion pounds) of copper and 2.0 million ounces of gold.**

Drilling at the Far North Zone also has delineated a high-grade core of inferred resources greater than 2% copper equivalent within this larger mineralized envelope that contains 68.8 million tonnes grading 2.92% copper and 0.28 g/t gold. The tonnage in the high-grade zone is more than double the amount of AMEC's previous estimate issued in February this year, and is expected to greatly enhance the parameters of various commercial mining scenarios currently being modelled by Ivanhoe's independent consultants.

With the tremendous growth of the Far North Zone since February, AMEC now estimates that the **Turquoise Hill Project** contains inferred resources totalling **2.4 billion tonnes grading 0.61% copper and 0.14 g/t gold, at a 0.30% copper equivalent cut-off, containing approximately 14.7 million tonnes (32.4 billion pounds) of copper and 11.2 million ounces of gold.** This represents an increase of 45% in the amount of copper and a 24% increase in the amount of gold since the previous estimate. **In addition to the inferred resources, the project also contains 509 million tonnes of indicated resources in the Southwest Zone grading 0.40% copper and 0.59 g/t gold, containing approximately 2.1 million tonnes (4.5 billion pounds) of copper and 9.7 million ounces of gold, at the same cut-off grade.**

At a higher cut-off grade of 0.60% copper equivalent, AMEC estimates an inferred resource for the entire project of **941 million tonnes grading 1.01% copper and 0.21 g/t gold, containing approximately 9.5 million tonnes (20.9 billion pounds) of copper and 6.3 million ounces of gold.** This represents an increase of 29% in the amount of copper and a 41% increase in the amount of gold over the previous inferred resource. In addition, the project has an indicated resource of **267 million tonnes grading 0.53% copper and 0.86 g/t gold, containing 1.4 million tonnes (3.1 billion pounds) of copper and 7.4 million ounces of gold**. The project's indicated resources are approximately the same as the previous estimate, as the company has conducted only a minimal amount of drilling in the Southwest Zone since February, 2003.

The new, independent estimate confirms that the Turquoise Hill Project hosts one of the world's largest gold/copper porphyry systems. It is noteworthy that a significant amount of the gold is contained within a conceptual open-pit shell in the Southwest Zone, and a high-grade copper and gold core exists in the Far North Zone that appears to be amenable to bulk underground mining methods. Ivanhoe's independent engineers are reviewing various potential production scenarios that could involve early-stage mining from both zones.

Drilling since February has expanded the Far North Zone's high-grade core, consisting of mineralization greater than 2% copper equivalent, to 68.8 million tonnes grading 2.92% copper and 0.28 g/t gold. Previously, this high-grade core was estimated to contain 29.3 million tonnes grading 2.69% copper and 0.19 g/t gold. The new estimate represents an increase of 155% in the amount of contained copper and an increase of 254% in the amount of contained gold within the 2% copper equivalent grade shell since February.

The Far North high-grade core remains open for significant future expansion as additional drill holes are continuing to intersect high-grade copper and gold mineralization. Holes 367F, 383C, 447, 449, 455, 460 and 461, which are testing the continuity and extensions of high-grade mineralization, all have intersected significant intervals of strong copper mineralization. Assays are pending.

In addition, new drill holes on the western side of the Far North Zone have encountered chalcopyrite and bornite mineralization in a large, quartz monzodiorite intrusion underlying the southwestern flank. This zone lies 500 to 700 metres north of holes drilled early in the Far North exploration program and 500 to 1000 metres northwest of the Central Zone. The holes were drilled specifically to test the southwestern side of the Far North IP anomaly. These early holes intersected ignimbrite containing pyrite, chalcopyrite and enargite mineralization that overlies and/or flanks the chalcopyrite, bornite and chalcocite mineralization in the main, high-grade Far North deposit. One of these holes, OTD267, encountered 56 metres grading 0.50% copper and 0.45 g/t gold starting at 68 metres down hole. OTD188, collared 400 metres southeast of hole 267, mid-way to the Central Zone, encountered 42 metres grading 0.52% copper and 0.13 g/t gold at 132 metres down hole and bottomed in 0.88% copper and 0.81 g/t gold at 554 metres due to the depth limitation of the drill rig. This sparsely drilled zone, broadly connected by the western flank of the extensive IP chargeability anomaly, represents potential for undiscovered, near-surface and deep high-grade copper and gold mineralization. Future exploration drilling will target this broad western flank of the IP anomaly.

Since its discovery last fall, the Far North Zone has developed into the project's most important deposit. It contains approximately 76% of the copper and 36% of the gold in Turquoise Hill's total inferred resources defined to date, using a 0.30% copper equivalent cut off. Given the open-ended nature of the zone and the increasing gold grades recently

announced from this area, Ivanhoe has directed the main effort of the 13 drill rigs on site on rapidly exploring the extent of the high-grade discovery. Ivanhoe plans to issue progress updates as results are received and disclosure is warranted.

Far North Zone – Inferred Resources

Date of estimate	Cu. Eq. Cut-off Grade (%)[1]	Tonnes (millions)	Copper (%)	Gold (g/t)	Contained Metal	
					Copper (million tonnes)	Gold (ounces)
Current estimate						
July 21, 2003	>= 2.00	68.8	2.92	0.28	2.01	620,000
	>= 0.60	618	1.19	0.10	7.38	1,950,000
Previous estimate						
Feb. 26, 2003	>= 2.00	29.3	2.69	0.19	0.79	175,000
	>= 0.60	489	1.08	0.07	5.26	1,170,000

The July, 2003, Far North inferred resource estimate incorporated results from 100 drill holes, compared to 41 drill holes in the February estimate.

The increase in gold grades within the high-grade core of the deposit is attributable to drill holes in the northern portion of the Far North Zone that have encountered strong gold mineralization occurring in bornite-rich, quartz stockwork in altered basalt similar to the high-grade, Southwest Zone. Recent drill results are summarized in Ivanhoe's July 8, 2003, news release on www.ivanhoemines.com. Numerous intersections of highly mineralized porphyry beneath the northern portion of the Far North Zone indicate that a deep-seated porphyry is the source of the mineralization.

The total strike length of the Far North Zone now included in the 0.6% copper equivalent inferred resource estimate is approximately two kilometres — and remains open. The deposit plunges shallowly north and can be partitioned into two mineralized zones. The northern portion, referred to as the Far North Extension, is hosted by basalt with the highest-grade intersections occurring in quartz stock work that replaces up to 90% of the basalt. Intense chlorite, hematite after biotite and magnetite alteration reinforces the gold-rich porphyry association.

Detailed analyses of the updated inferred mineral resources for the Far North Deposit, at various copper equivalent cut-off grades, are provided in the following table. The new estimates were prepared in conformance with the requirements set out in National Instrument 43-101 by AMEC under the direction of Dr. Harry Parker, Ch. P. Geol., and Dr. Stephen Juras, P.Geo., independent qualified persons as defined by NI 43-101. As required by NI 43-101, AMEC will prepare an addendum to its March, 2003, technical report within 30 days.

Updated Far North Zone Inferred Resource Table (at various copper equivalent cut-off grades[1])

Cu. Eq. Cut-off Grade [1]	Tonnes	Copper Grade	Gold Grade	Copper Equivalent Grade	Contained Metal	
					Copper	Gold
(%)		(%)	(g/t)	(%)	(tonnes)	(ounces)
>=3.50	16,400,000	3.74	0.45	4.03	610,000	240,000
>=3.00	34,900,000	3.36	0.38	3.60	1,170,000	430,000
>=2.50	55,700,000	3.09	0.32	3.29	1,720,000	570,000
>=2.00	68,800,000	2.92	0.28	3.10	2,010,000	620,000
>=1.50	118,600,000	2.35	0.20	2.48	2,790,000	750,000
>=1.25	228,700,000	1.85	0.14	1.94	4,240,000	1,010,000
>=1.00	326,800,000	1.62	0.12	1.70	5,300,000	1,260,000
>=0.90	357,800,000	1.56	0.12	1.63	5,570,000	1,360,000
>=0.80	432,600,000	1.43	0.11	1.50	6,160,000	1,540,000
>= 0.70	529,800,000	1.29	0.10	1.36	6,850,000	1,740,000
>= 0.60	618,400,000	1.19	0.10	1.26	7,380,000	1,950,000
>= 0.50	824,200,000	1.02	0.09	1.08	8,370,000	2,490,000
>= 0.40	1,157,700,000	0.84	0.09	0.89	9,710,000	3,200,000
>= 0.30	1,610,500,000	0.69	0.08	0.74	11,110,000	3,990,000

The footnotes below apply to all resource tables within this release.

1) Copper equivalent grades have been calculated using assumed metal prices (US$0.80/lb. for copper and US$350/oz. for gold); %Cu eq. = %Cu + Au (g/t) x (11.25/17.64).

2) The contained gold and copper represent estimated contained metal in the ground and have not been adjusted for the metallurgical recoveries of gold and copper. The determination of an adjustment factor to account for differences in relative metallurgical recoveries between gold and copper will depend upon the completion of definitive metallurgical testing.

3) Resource classifications conform to CIM Standards on Mineral Resources and Reserves referred to in National Instrument 43-101. Mineral resources that are not reserves do not have demonstrated economic viability. An indicated mineral resource is that part of a mineral resource for which quantity and grade can be estimated with a level of confidence sufficient to allow the application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. An inferred mineral resource is that part of a mineral resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified.

UPDATED TURQUOISE HILL RESOURCE ESTIMATE

The Far North deposit and its newly discovered, deeply buried porphyry system is one of four co-genetic copper and gold zones delineated to date along a five-kilometre-long chain of deposits at Turquoise Hill. Analyses of the updated indicated and inferred mineral resources for the project, at 0.30% and 0.60% copper equivalent cut-off grades, are provided in the following two tables. As the company's drilling since February has focused on expanding and delineating the Far North Zone, AMEC has not updated its February resource estimates for the Southwest, South and Central zones at this time.

Updated Turquoise Hill Resource Table by Zone (based on a 0.30% Copper Equivalent cut-off)[1]

Zone	Resources (million tonnes)	Copper Grade (%)	Gold Grade (g/t)	Copper Equiv. Grade (%)	Contained Metal		
					Copper (million tonnes)	Gold (million ounces)	Copper Equiv. (million tonnes)[2]
Southwest Zone							
Indicated	508.9	0.40	0.59	0.78	2.06	9.69	3.98
Inferred	290.8	0.32	0.50	0.64	0.92	4.70	1.86
South Zone							
Inferred	270.3	0.39	0.13	0.48	1.07	1.10	1.28
Central Zone							
Inferred	236.8	0.67	0.18	0.79	1.59	1.36	1.86
Far North Zone							
Inferred	1,610.5	0.69	0.08	0.74	11.11	3.99	11.93
Grand total: Indicated	508.9	0.40	0.59	0.78	2.06	9.69	3.98
plus							
Grand total: Inferred	2,408.4	0.61	0.14	0.70	14.69	11.15	16.90

Updated Turquoise Hill Resource Table by Zone (based on a 0.60% Copper Equivalent cut-off)[1]

Zone	Resources (million tonnes)	Copper Grade (%)	Gold Grade (g/t)	Copper Equiv. Grade (%)	Contained Metal		
					Copper (million tonnes)	Gold (million ounces)	Copper Equiv. (million tonnes)[2]
Southwest Zone							
Indicated	267.0	0.53	0.86	1.08	1.42	7.35	2.88
Inferred	126.6	0.44	0.68	0.87	0.55	2.78	1.10
South Zone							
Inferred	48.4	0.61	0.26	0.77	0.29	0.40	0.37
Central Zone							
Inferred	147.5	0.84	0.24	0.99	1.24	1.14	1.46
Far North Zone							
Inferred	618.4	1.19	0.10	1.26	7.38	1.95	7.77
Grand total: Indicated	267.0	0.53	0.86	1.08	1.42	7.35	2.88
plus							
Grand total: Inferred	940.9	1.01	0.21	1.14	9.50	6.26	10.71

The resource estimates for the Southwest, South and Central deposits were prepared by AMEC E&C Services Limited, of Canada, in February, 2003, and were previously reported in Ivanhoe's February 26th news release.

Scoping Study Update

Ivanhoe commissioned a preliminary assessment, or scoping study, in February, 2003, to evaluate options for the development of a commercial mining operation at Turquoise Hill. The study, evaluating the potential for the development of the project by surface and underground mining, is being conducted by an alliance of AMEC, Ausenco Limited, GRD Minproc and SRK Consultants. The scoping study will form the basis for a pre-feasibility study that will establish the viability of a commercial mining operation at Oyu Tolgoi and determine a range of capital and operating costs.

The new, high-grade mineralization discovered in the northern portion of the Far North Zone is expected to greatly enhance the economic parameters of the project as it is integrated into a conceptual mine production schedule for the overall project. Internal scoping work has indicated that an open-pit operation at the Southwest Zone could form the basis for initial, low-cost production that then could be expanded and enhanced with high-grade underground production from the Far North Zone.

Preliminary Metallurgical Results

Excellent results have been obtained from preliminary batch flotation tests on representative drill-core samples from the recent drilling in the Far North Zone summarized in Ivanhoe's July 8, 2003, news release on www.ivanhoemines.com. The test work was performed by SGS Lakefield Research Ltd., of Canada.

The results, summarized in the table below, were performed on composite samples from diamond drill holes 355 and 367A. The composites were made from quarter core representing the host lithologies and copper mineralization within the deposit. Copper mineralization ranged from entirely chalcopyrite to predominantly bornite.

The objective of these preliminary batch tests was to check the response of the Far North samples to the metallurgical process already established for the other deposits at Turquoise Hill. All the Far North samples responded well and in line with prior experience and mineralogical expectations. Commercial-grade copper concentrates were produced in all cases. Some of the samples produced very high-grade copper concentrates, which may provide the opportunity for future blending with lower-grade concentrates produced from other deposits at Turquoise Hill to produce a smelter feed that optimizes the economic parameters of the project as a whole.

It is emphasized that these results are preliminary and only represent a "first look" at the metallurgy of this zone of the deposit, and are not yet optimized with respect to grinding and flotation conditions. With optimization and locked cycle testing to simulate plant operating conditions, further improvements in grade and recovery are expected. Since concentrates are already at, or in excess of, commercial grades, recoveries can be expected to increase, on average, between 1% – 3% for copper and 1% – 5% for gold in operations.

The testwork program at SGS Lakefield is being expedited for these and other samples recently received from the Far North Deposit to bring the metallurgical development of the Far North Deposit in line with that of the other deposits at Turquoise Hill.

SGS Lakefield Flotation Test Results

SAMPLE NUMBER	DRILL HOLE	INTERVALS			TEST	GRADE		RECOVERY	
		From	To	Metres	Product	Copper (%)	Gold (g/t)	Copper (%)	Gold (%)
FNE1	OTD355	868	898	30	Feed	1.82	0.18		
					Concentrate	30.6	2.58	87.0	73.7
FNE2	OTD355	898	1002	104	Feed	2.43	0.10		
					Concentrate	33.6	1.02	92.3	71.9
FNE3	OTD367A	830	1084	254	Feed	1.58	NA		
					Concentrate	30.6	NA	89.7	NA
FNE4	OTD367A	1084	1154	70	Feed	5.72	1.85		
					Concentrate	53.4	17.2	96.9	96.6

Development Options

Conceptual development options for the Far North Deposit that are being modelled by Ivanhoe's independent consultants include underground bulk mining of the massive, copper-rich southern portion using block-caving, and sub-level caving or open-stoping for the higher-grade, gold-rich northern portion of the deposit. Based on the exceptional grade of the mineralization in the northern portion of the Far North Zone, this deposit has the potential to generate the highest operating margins of the four deposits discovered to date at Turquoise Hill.

To provide a more accurate assessment of local mining and development costs, Ivanhoe's staff has been conducting comprehensive studies of, and site visits to, relevant Chinese underground mines. Examples of Chinese underground mines producing from depths similar to the Far North Extension include:

- The Tong Kuang Yu Copper Mine, where Chinese interests are mining 6.0 million tonnes a year by block caving. Reported direct mining costs are US$3.50 per tonne, including US$1.50 for ongoing development.
- The Jinchuan 3rd Nickel Mining Area, where Jinchuan Mining Company is mining 1.65 million tonnes a year. Reported direct mining costs are US$5.40 per tonne, including US$1.80 for ongoing development.
- The Jin Shan Dian Iron Mine, where Chinese interests are mining 3.0 million tonnes a year with a mixture of block and sub-level caving methods. Reported average direct mining costs are US$5.50 per tonne, including US$1.10 for ongoing development.

An example of an efficient, integrated sub-level caving/open-pit operation is Newcrest's Cadia Ridgeway Mine in Australia. Ridgeway's underground, sub-level caving operation is mining approximately 13,000 tonnes of ore a day, averaging 0.97% copper and 2.6 g/t gold at a cash cost of approximately A$6.00 (US$3.90) a tonne, or A$7.50 (US$4.90) a tonne delivered to the mill. Current reserves at Ridgeway are approximately 45 million tonnes, grading 0.86% copper and 2.6 g/t gold, with an in-ground value of approximately A$73 (US$44) per tonne. Underground mining starts at 400 metres beneath the surface and is accessed by a decline. The underground ore is treated in a separate plant next to the adjoining Cadia open-pit operation, which mines approximately 47,000 tonnes of ore a day, averaging 0.18% copper and 0.73 g/t gold. The combined Cadia Ridgeway operation produces approximately 650,000 ounces of gold and 65,000 tonnes (143 million pounds) of copper a year. Year-to-date cash

costs reported by Newcrest in its March, 2003, quarterly report were A$91 (US$55) per ounce of gold for Ridgeway and A$349 (US$210) for Cadia, using its copper production as a credit. Ridgeway is believed to be the lowest-cost gold producer in Australia.

Similarly, the high-grade mineralization outlined at Ivanhoe's Far North deposit in Mongolia could supplement mill feed from the planned open pits at the Southwest and Central deposits. For example, one potential production scenario being evaluated calls for the mining of 50,000 to 70,000 tonnes per day from an open pit at the Southwest Zone and 15,000 to 30,000 tonnes per day from the high-grade core of the Far North Zone. This analysis is based on the fact that the Far North Zone contains inferred resources of approximately 70 million tonnes grading in excess of 3% copper equivalent. It is possible that the early years of mining could exploit the smaller, but higher-grade, 35-million-tonne body defined by a 3% copper equivalent cut off that grades 3.6% copper equivalent. For comparison, the Far North Zone alone contains more than 118.6 million tonnes of inferred resources with the same in-ground metal value as the ore being mined at the Ridgeway Mine.

To help determine the optimal production scenario, Ivanhoe will focus on definition drilling of the Far North Zone and its extensions during the next few months and incorporate the results in the independent scoping study to be completed this fall. An underground decline at the Far North Zone also is being planned to allow Ivanhoe to fully delineate the deeper extensions of the high-grade zone by drilling shorter, infill holes from underground drill stations.

SRK, one of the world's leading authorities on bulk underground mining methods, is assisting Ivanhoe with the design and evaluation of block caving and sub-level caving methods. SRK's initial findings indicate that the rock mass in the Far North Zone is an "average", cavable rock body, similar to those being successfully mined in caving operations in South America, Indonesia and the United States. As a comparison, the rock mass of the Far North Zone appears to be more cavable than the ore bodies of caving mines at Palabora in South Africa or Northparkes in Australia, both operated by Rio Tinto.

Block caving is initiated by undercutting the base of the deposit. This causes the overlying ore to "cave" into the opening created. As the broken ore is removed through a series of draw points, unbroken ore continues to cave into the cavity created. The main advantages of block caving are its very low cost per tonne and very high production rates. Daily production from block-caving operations can range between 10,000 and 125,000 tonnes per day (e.g. Codelco's El Teniente Copper Mine in Chile), and mining costs can be as low as US$1.00 per tonne. An illustration of a typical block-caving operation is available at www.ivanhoemines.com.

Charles Forster, P.Geo., Ivanhoe Mines' Turquoise Hill Manager, a qualified person as defined by National Instrument 43-101, supervised the preparation of the information in this release. SGS Analabs Pty. Ltd. prepares the split core at the project site and assays all samples at its facility in Ulaanbaatar, Mongolia. Ivanhoe's QA/QC program is monitored by independent consultant Dr Barry Smee, P.Geo., and managed on site by Dale Sketchley, M.Sc., P.Geo. Prepared standards and blanks are inserted at the sample preparation lab on the project site to monitor the quality control of the assay data.

Ivanhoe holds a 100% interest in the Turquoise Hill Project and has exploration rights covering approximately 96,000 square kilometres in central and southern Mongolia.

Ivanhoe shares trade on the Toronto and Australian stock exchanges under the symbol IVN.

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Forward-Looking Statements: Statements in this release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed under the heading “Risk Factors” and elsewhere in the corporation's periodic filings with Canadian and Australian Securities Regulators. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The company does not assume the obligation to update any forward-looking statement.