IVANHOE
MINES

For immediate release
January 21, 2003

DEVELOPMENT STUDIES UNDERWAY AT MODI TAUNG GOLD PROJECT

SINGAPORE — Ivanhoe Mines' Executive Vice-President, Exploration, Douglas Kirwin announced today that underground development and associated core drilling is well underway at the company's Modi Taung gold project in Central Myanmar, where a significant high-grade, gold-bearing vein system was outlined during earlier exploration. A total of 4,826 metres of underground development and 3,000 metres of diamond drilling were completed at the end of December, 2002.

"Detailed surface and underground exploration has confirmed that the Modi Taung vein structures have continuity along strike, as well as persistence to considerable depth," Mr. Kirwin said. " The project is now sufficiently advanced to begin studying the requirements for an underground mine."

A preliminary, draft scoping study was completed in December for an underground and surface operation at Modi Taung that would process 70 to 100 tonnes per day. The study will be updated to include mine processing details and provide the basis for a joint-venture development and mining agreement to be submitted to the Government of Myanmar for approval in the second quarter of this year.

The underground development program is continuing to focus on defining additional high-grade shoots along the strike extensions of the Shwesin vein system where drives on the 1225, 1200, 1150,1050 and 1025 levels have been completed. A number of cross-cuts and raises have demonstrated horizontal and vertical continuity of the higher-grade pay chutes within the veins. Some of the better assays were produced in a 50-metre-long segment of the Shwesin level 1050, where 96 channel samples showed a weighted average assay of 62 grams per tonne (g/t) of gold over a vein width that averaged 0.54 metres. (Individual assay results are posted on the Myanmar exploration page of the Ivanhoe Mines website). Bulk sampling of these areas now has been initiated.

Additional examples from development channel sampling from the 1000 level on the Shwesin vein include:

- **0.73 metres grading 185 g/t gold;**
- **0.75 metres grading 78 g/t gold;**
- **0.44 metres grading 194 g/t gold;**
- **0.23 metres grading 260 g/t gold; and**
- **0.35 metres grading 54 g/t gold.**

This sampling confirms the continuity of the high-grade shoots between the two levels and illustrates the benefits of underground development as a cost-effective and superior method of evaluating the economics of this gold prospect due to the uneven nature of gold distribution within the mesothermal vein system.

The highest-grade surface sample recorded from the project to date is 3,475 g/t from a trench across 1.3 metres, or 111.2 oz/t across 4.3 feet, whereas multi-ounce gold values found in quartz veins sampled underground have been as high as 203 g/t across 2.9 metres, or 7.10 oz/t across 9.5 feet. Gold appears to be restricted to the quartz veins and is of primary and secondary origins, occurring as free gold and in direct contact with pyrite.

Mineralized vein structures at Modi Taung are up to 800 metres long — and open-ended. Textural characteristics of this style of mesothermal slate-belt mineralization remain unchanged over a vertical distance of more than 500 metres. Recent mechanized trenching at the parallel Momi Taung vein system, some 1,000 metres southeast of the Shwesin 1000 level portal, has uncovered a 250-metre-long vein segment with values up to 978 g/t gold over 0.73 metres on the exposed vein.

Preliminary laboratory testing of the Modi Taung oxide and non-oxide mineralization has been conducted by Independent Metallurgical Laboratories of Perth, Australia, and Westcoast Mineral Testing of Vancouver, Canada. The mineralization, which has yielded gold recoveries of approximately 96% during testing, responded well to gravity concentration, followed by flotation. It also responded very well to cyanidation; while the gold is associated with pyrite, it is non-refractory and no deleterious elements, such as arsenic, have been detected. Four additional samples have been collected for further testing.

The Modi Taung Project, in the southern part of the Block 10 concession, is approximately 150 kilometres southeast of Mandalay, in Central Myanmar. Ivanhoe acquired the Block 10 concession and began reconnaissance exploration in mid-1996. Ivanhoe's wholly-owned subsidiary, Ivanhoe Myanmar Holdings, has a 65% interest in the Block 10 project. The remaining 35% is held by Myanmar's Department of Geological Survey and Mineral Exploration.

Technical information in this release was reviewed by Douglas Kirwin, an Ivanhoe Mines qualified person. All samples were assayed by DGSE Laboratories in Myanmar. Two internationally accredited laboratories, MAS Laboratories, of Bangkok, Thailand, and Analabs, of Perth, Australia, conduct regular check assays on the preliminary surface samples and pulps.

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

Information contacts in North America
Investors: Bill Trenaman. Media: Bob Williamson
+1.604.688.5755

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 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.