



IVANHOE
MINES

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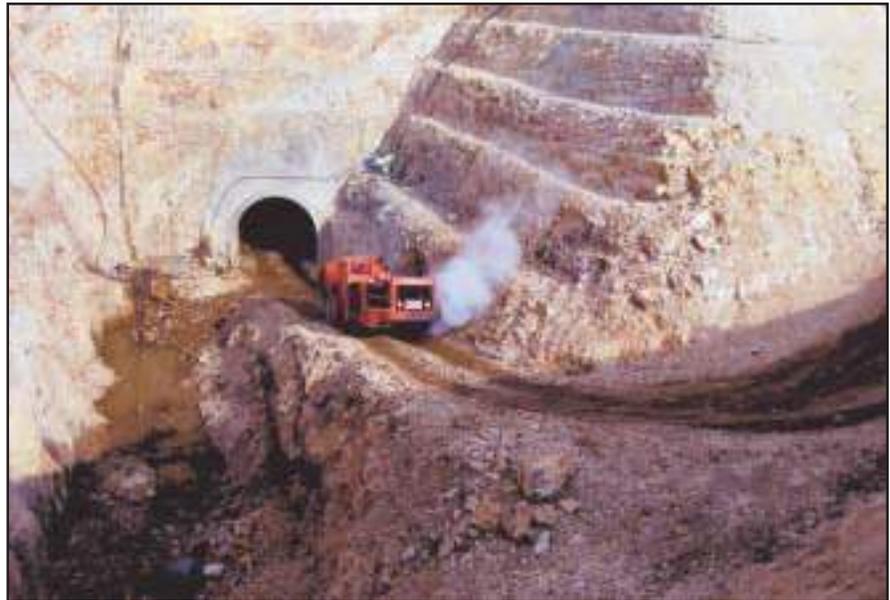
IVANHOE MINES BEGINS GOLD AND SILVER PRODUCTION AT NEW EUNSAN MINE IN SOUTH KOREA

SEOUL, SOUTH KOREA — Ivanhoe Mines' Chairman Robert Friedland and President Daniel Kunz are pleased to announce the start of production at the company's new Eunsan Mine, which is the only gold and silver mine operating in South Korea.

The Eunsan deposit is the most advanced of several low-sulphidation, epithermal gold-silver mineralized vein systems identified within Ivanhoe's Seongsan project area in southwestern Chollanam-Do Province. Ongoing drilling is defining the grades and expanding the known extent of the gold and silver mineralization at the other prospects.

The Eunsan mill currently is processing stockpiled open-pit ore. The mine will follow an orderly ramp-up schedule, blending the stockpiled ore with increasing proportions of higher-grade underground ore. When underground operations reach commercial scale, Eunsan is expected to be mining and milling approximately 150 tonnes of ore per day, and producing up to 50,000 ounces of gold and 118,000 ounces of silver on an annual basis, for at least two years.

Gold and silver grades at Eunsan demonstrate wide variability along strike and to depth. **Based on 43 diamond holes**



Gold and silver ore being hauled from the underground operations at Ivanhoe Mines' new Eunsan Mine, in South Korea.

drilled in 2000-2001, a decision was made to begin mining the high-grade, main ore shoot, estimated to contain an inferred resource of 251,800 tonnes, grading 15.0 grams (0.48 ounces) of gold per tonne and 83.8 grams (2.7 ounces) of silver per tonne.

Drilling indicates that the majority of the gold and silver is confined to high-grade 'shoots' within the vein system.

The open-pit ore stockpile at Eunsan, consisting of approximately 26,000 tonnes of oxidized gold and silver ore grading approximately 13.2 grams (0.38

ounces) of gold per tonne and 600 grams (17.2 ounces) of silver per tonne, was recovered from a small pit that was excavated to provide a portal access to the high-grade, underground ore. **The stockpile is comprised of approximately 11,000 tonnes of high-grade ore, at a gold equivalent grade of 1.32 ounces per tonne, and approximately 15,000 tonnes of low-grade ore at a gold equivalent grade of 0.26 ounces per tonne.**

The open-pit ore will be milled over the balance of this year to recover an estimated 9,000 ounce-

es of gold and 400,000 ounces of silver at an estimated cash cost of US\$30 per equivalent ounce of gold, using silver as a production credit.

More than 200 metres of pre-production, underground development has been completed to date, and more than 1.5 kilometres of tunnelling, cross-cuts and raises are planned this year. The mill is expected to produce gold and silver doré bullion from currently stockpiled ore and to generate sufficient cash flow to cover current and estimated capital costs during the underground development period. Ore-shoot sampling of the vein structure, and assaying, will enable the cal-

culatation of the Eunsan reserve figures at the end of this period. Underground mining of the high-grade shoots is expected to begin in September. The estimated cash costs to mine and mill the underground ore will be in the range of US\$125 to US\$150 per equivalent ounce of gold, using silver as a production credit. Capital and pre-production costs at the mill and open pit were

US\$1.3 million. Development expenditures to prepare for underground mining are estimated at a further US\$2.0 million.

The official opening ceremonies for the mine are scheduled for later this quarter. Photographs of the Eunsan Mine are available on Ivanhoe Mines' website at www.ivanhoemines.com.

Right: The Eunsan mill uses simple flotation processes to produce a high-value concentrate that is smelted on site to produce gold and silver doré bullion for sale in the local market.

Below: Eunsan's mill, assay and office buildings.



“The opening of the Eunsan gold and silver mine is an important achievement for Ivanhoe, the local community and South Korea,” Mr. Kunz said.

“This project has enjoyed the support of many people, agencies and companies since the high-grade gold and silver deposits were discovered early last year. Following the resumption of production at the Bakyrchik Mine in Kazakhstan, the successful start-up in South Korea is another step toward Ivanhoe’s goal of becoming a significant gold producer from properties in Asia.”

Ivanhoe will obtain ISO 14001 certification for Eunsan. The internationally recognized, independent standard for environmental management and protection, ISO 14001 is one of the most exacting, impartial benchmarks used to evaluate environmental management systems. As part of its commitment to implementing environmental best-practice standards at its mining operations, Ivanhoe secured ISO 14001 certification for its joint-venture S&K Copper Mine in Myanmar in 2001.

The Eunsan Mill flowsheet is straightforward and poses no environmental hazards. The mill uses simple flotation processes to produce a high-value concentrate that is smelted on site to produce gold and silver doré bullion for sale in the local market.

The silver and gold content in the doré is typically in excess of 95%. The Eunsan refinery can refine the doré into its pure gold and silver components. Recoveries of precious metals from the oxidized, open-pit ore currently are approaching 85%, and recoveries from the underground sulphide ore are expected to reach

Pouring Eunsan’s first gold and silver doré bar. The silver and gold content in the doré is typically in excess of 95%, which can be refined onsite into its pure gold and silver components.



95%. No environmentally harmful chemicals are used in the milling or refining processes.

The Seongsan project area contains numerous additional outcropping, low-sulphidation, epithermal gold-silver mineralized systems occurring as veins, breccias, stockworks and silicified zones along a cumulative strike length of at least 3.2 kilometres. The veins lie along a structural zone adjacent to a large, operating clay mine.

Delineation drilling is ongoing at Ivanhoe’s neighboring prospects, Kunsan, Moisan, Moisan Extended and Gasado Island, to define the grade and quantity of gold and silver mineralization in similar high-grade systems that were discovered by the company’s reconnaissance exploration team during the past few years. Ivanhoe is confident that focused exploration will lead to the discovery of additional high-grade, mineralized shoots on the

neighboring prospects.

The current development concept is to mine three or more deposits, using the central Eunsan milling facility. The mill has been designed to be easily expanded to accommodate additional gold and silver resources expected to be developed in the area.

The inferred resource calculation at Eunsan was prepared in March, 2002, by Ivanhoe Mines' geologists and reviewed by Douglas Kirwin, a Qualified Person as defined by National Instrument 43-101 of the Canadian Securities Administrators. The inferred resource was calculated using a Block Model, applying a minimum two-metre mining width and no cut-off grade. Ivanhoe is unaware of any environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues that may adversely affect the resource estimate. An inferred resource is, by definition, mineralization that does not have demonstrated economic viability.

Ivanhoe Mines is an international mining company developing a major new discovery of gold and copper at the Turquoise Hill Project in southern Mongolia. The company produces LME Grade A copper from its Monywa joint venture in Myanmar, iron ore products from ABM Mining's Savage River mine and Port Latta pellet plant in Australia and gold from the Bakyrchik Gold Mine in Kazakhstan. Ivanhoe is also developing the high-grade Modi Taung gold project in Myanmar.

Ivanhoe shares are traded 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 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.