



IVANHOE
MINES

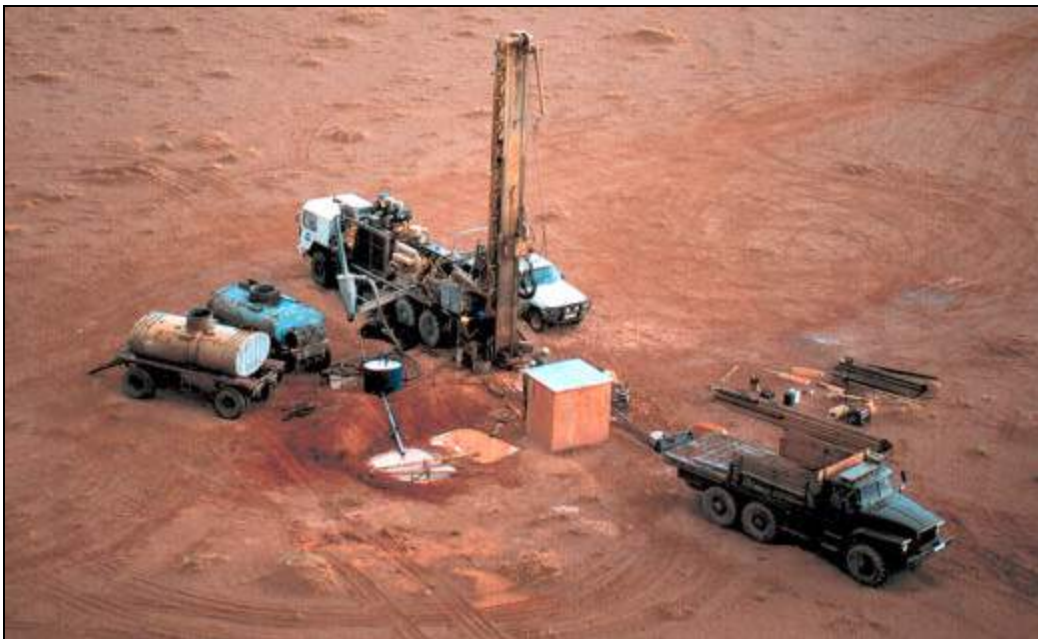
News Release

August 7, 2001

MAJOR DRILLING CAMPAIGN STARTED ON PORPHYRY GOLD AND COPPER DISCOVERY AT TURQUOISE HILL IN MONGOLIA

SINGAPORE – Ivanhoe Mines' Chairman Robert Friedland and Senior Vice-President, Exploration, Douglas Kirwin announced today that the company has commenced a major drill campaign at the Turquoise Hill (Oyu Tolgoi) Project in southern Mongolia to further delineate the recently discovered high-grade porphyry zone containing significant gold, copper and molybdenum mineralization. Additional important results from the rapidly expanding Turquoise Hill discovery now are being received and future exploration results will continue to be reported as they become available.

Three rigs currently are drilling and two more are expected to arrive at the property in coming weeks. Ivanhoe plans to drill approximately 16,000 metres to test the hypogene potential of the Southwest, Central and South Oyu zones, where Ivanhoe's recent exploration drilling returned wide intercepts of high-grade copper and gold mineralization to depths of almost 500 metres below the surface.



Diamond-drill rig at Hole #159 in Central Oyu Zone, Turquoise Hill

As announced in Ivanhoe's news release of July 17th, Ivanhoe's first deep diamond hole drilled to test the hypogene potential of the Southwest Oyu Zone, OTRCD-150, reached a depth of 590 metres and averaged 1.17 grams of gold per tonne and 0.81% copper over 508 metres, from 70 to 578 metres. It included a zone of 278 metres from 188 to 466 metres grading 1.60 grams of gold and 1.02% copper. This new, high-grade zone of hypogene mineralization is in a zone of intense quartz, chalcopyrite, magnetite stockwork overprinting finely disseminated chalcopyrite, pyrite and magnetite, which lies

under a broad zone of near-surface copper oxide mineralization that may be amenable to the SX/EW process to produce cathode copper.

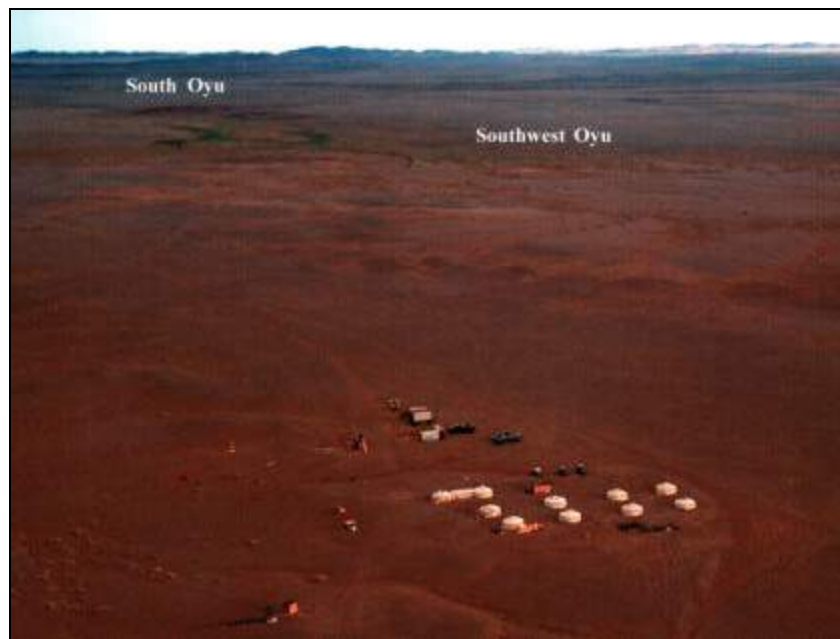
Ivanhoe now has received preliminary assay results from hole OTD-159, drilled to a depth of 450 metres in the Central Oyu zone, a separate system with different mineralogy and geochemistry that is approximately 1.2 kilometres northeast of hole OTRCD-150. OTD-159 intersected 301 metres (from 47 to 348 metres) of chalcocite-covellite mineralization averaging 0.71% copper, within a broader intercept of 375 metres, from 47 to 422 metres, grading 0.69% copper. This includes 30 metres of dominantly chalcocite mineralization from 47 to 77 metres, grading 1.50% copper and 0.22 grams of gold per tonne. The hole was a twin, and a deeper re-drill, of a 130-metre-deep, reverse-circulation hole, OTRC94, and extends economic copper grades to a depth of at least 422 metres below surface. The PQ-sized drill core in the top 130 metres also indicates a general increase in copper grades compared to the earlier reverse-circulation chip samples. Given that copper in chalcocite and covellite is potentially recoverable using heap-leaching and the SX/EW process, and also may float to give a high-grade copper concentrate with associated gold credits, this hole significantly enhances the economic potential of the project.

Southwest Oyu Zone

Assays for Hole OTRCD-150 (–55 degrees)

Drill Hole	Depth From	To	Interval	Au	Copper	Molybdenum	Mineralization
	(m)	(m)	(m)	(g/t)	(%)	(ppm)	Type*
OTRCD150	590.7	0	33	33	0.38	0.38	oxide
		70	578	508	1.17	0.81	hypogene cpy
including		70	124	54	0.45	0.51	hypogene cpy
including		124	188	64	0.88	0.66	hypogene cpy
including		188	466	278	1.60	1.02	hypogene cpy
including		466	524	58	0.79	0.57	hypogene cpy
including		524	578	54	0.40	0.50	hypogene cpy

*Mineralization Type: cpy=chalcopyrite; cc=chalcocite; cv=covellite.



Turquoise Hill exploration base camp and southern mineralization zones

Central Oyu Zone

Assays for Hole OTD-159 (–90 degrees)

Drill Hole	Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)	Copper (%)	Molybdenum (ppm)	Mineralization Type*
OTD159	422	8	15	7	0.02	0.42	Pending	oxide
		47	348	301	0.13	0.71	Pending	
		47	422	375	0.14	0.69	Pending	
including		47	96	49	0.21	1.17	Pending	cc-supergene blanket
including		96	154	58	0.10	0.54	Pending	supergene cc, cv
including		174	220	46	0.13	0.73	Pending	hypogene cv
including		248	348	100	0.14	0.75	Pending	hypogene cv
including		364	422	58	0.17	0.70	Pending	hypogene cv, trace cc

*Mineralization Type: cpy=chalcopyrite; cc=chalcocite; cv=covellite.



Drilling rig at Hole #159 (right) at Central Oyu Zone

Analabs Pty. Ltd., of Ulaanbaatar, Mongolia, performed the analyses of the Ivanhoe drill holes. Chemex Labs and Bondar Clegg, both of Vancouver, BC, performed check assays on 56 samples selected on a 1-in-10 basis from holes OTRCD149 & 150. The results of these check analyses indicate that Analabs' gold fire-assays are statistically similar to both Chemex and Bondar Clegg, while Analabs' copper analysis is virtually identical to the Chemex assays.

Complete lists of all Ivanhoe and BHP drill results at the Turquoise Hill Project, as well as property maps, are on the Mongolia Exploration page on Ivanhoe's website www.ivanhoemines.com.

Based on a preliminary extrapolation of all of the drill results to date, including earlier BHP holes, Ivanhoe believes that the Turquoise Hill porphyry system now has the potential to host in excess of one billion tonnes of copper, gold and molybdenum mineralization. Southwest Oyu alone may contain in excess of 500 million tonnes of copper and gold mineralization. The current phase of drilling at Southwest Oyu is intended to delineate the high-grade resource around hole OTRCD-150. The results of additional drilling at the project are expected to reveal with greater certainty the nature and extent of resources on the property.

The Turquoise Hill licence area covers 238 square kilometres in southern Mongolia. The area is approximately 650 kilometres south of the capital city of Ulaanbaatar and 80 kilometres north of the Chinese border. The project is accessible by road from Ulaanbaatar. The deep drilling has encountered significant quantities of groundwater, which will be a useful resource for the project.



Mongolia is a vast, sparsely populated country in Northeast Asia. The mining industry accounts for nearly one-fifth of Mongolia's gross national product and about half of its export earnings.

Mongolia has substantial deposits of many minerals, including copper, molybdenum, gold, uranium, lead, zinc and fluorspar. By western standards, Mongolia is very under-explored, and Ivanhoe Mines is aggressively evaluating new discoveries and opportunities.

With decreased Russian aid and a new drive in Mongolia toward economic openness, new development opportunities exist for Western companies. The Asian Development Bank and the World Bank are active in providing development loans and technical assistance for Mongolia-based projects. Major bilateral donors to Mongolia include Japan, Germany and the United States.

In 1997, Mongolia adopted a new Minerals Law, ensuring that the country's environment for investment in mineral development would be internationally competitive. The law contains strict requirements for the transparent processing of exploration and mining-licence applications, and guarantees secure tenure and transfer rights for licence holders. The new law allows for a seven-year exploration period, with renewals of two years, and a production period of 100 years, with one renewal of 40 years.

Ivanhoe Mines holds a conditional option to acquire 100% of the Turquoise Hill Project from BHP-Billiton.

Information contacts

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

FORWARD-LOOKING STATEMENTS: This news release contains certain forward-looking statements. All statements, other than statements of historical fact, included herein, including, without limitation, statements regarding potential mineralization, exploration results and future plans and objectives of Ivanhoe Mines Ltd. (Ivanhoe), are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Ivanhoe's expectations are disclosed under the heading "Risk Factors" and elsewhere in Ivanhoe's documents filed from time to time with the Toronto Stock Exchange and other regulatory authorities. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and Ivanhoe does not undertake any obligation to update forward-looking statements should conditions or management's estimates or opinions change.