



I V A N H O E
M I N E S

**IVANHOE MINES' BOARD ENDORSES INDEPENDENT COMMITTEE
RECOMMENDATION TO PROCEED WITH ABM MINING MERGER,
COMBINING PRODUCTION OF HIGH-QUALITY COPPER AND IRON ORE PRODUCTS**

For Immediate Release

October 18, 2000

SINGAPORE — Daniel Kunz, President of Ivanhoe Mines Ltd., announced today that the Ivanhoe Board of Directors has accepted the recommendation from its committee of independent directors to proceed with the proposed merger between Ivanhoe Mines and ABM Mining Limited.

The Ivanhoe Board is recommending that its shareholders approve the transaction at an extraordinary general meeting expected to be held in December.

The proposed merger, announced June 26, would form an international mining company with expanding production of low-cost copper from Ivanhoe's Monywa joint venture in Myanmar and iron ore products from ABM's wholly-owned Savage River mine and Port Latta pellet plant in Australia. Ivanhoe Mines and ABM had combined revenues of approximately US\$77.6 million (CDN\$115.4 million) in 1999 on net sales of approximately 13,350 tonnes of copper, two million tonnes of iron ore pellets and 48,000 tonnes of iron ore concentrate.

"ABM provides important benefits for Ivanhoe Mines in terms of significantly higher sales revenues, global and commodity diversification and operational synergies," Mr. Kunz said. "It is an established, high-quality iron ore producer with current resources for more than 15 years of production. ABM also has significant resources of vanadium and magnesium oxides, and has been studying various development options."

The proposed merger contemplates Ivanhoe Mines issuing one common share in exchange for each outstanding ABM common share, resulting in the shareholders of ABM receiving approximately 40% of the voting equity in the merged entity. The proposed merger is a "related party transaction" for the purposes of applicable securities laws. Robert M. Friedland, the largest shareholder of both Ivanhoe Mines and ABM, will become the largest shareholder of the merged entity. The merger remains subject to minority shareholder approval requirements and regulatory approval.

As part of the transaction, entities controlled by Mr. Friedland have agreed to postpone repayment of approximately US\$24.5 million in outstanding loans owed to them by ABM pending achievement of defined cash flow targets at ABM's Savage River operation. The postponed ABM loans will be convertible, at the lender's option, into common shares of Ivanhoe Mines at CDN\$1.20 per share. Entities controlled by Mr. Friedland also will make available to Ivanhoe Mines, over a period of three years, a US\$15 million credit facility to be applied to the merged entity's increased cash requirements during the interim period following the merger. Amounts advanced under the credit facility will be repayable from surplus cash flow and will not be convertible into equity.

Support for the proposed merger by a majority of the Ivanhoe Board's three-member independent committee followed an extensive due diligence review of ABM by Hatch Beddows, one of the world's largest mining management consultancies, and Roscoe Postle Associates Inc., a geological and mining consultancy which specializes in independent technical and financial evaluations of mining and exploration properties. The independent committee appointed Dundee Securities Corporation to provide an independent valuation and fairness opinion in connection with the merger. In its draft report, Dundee established a range of values for Ivanhoe Mines and ABM, and concluded that the exchange ratio is fair, from a financial point of view, to the minority shareholders of Ivanhoe Mines. The Board has also received a draft opinion from its financial advisor, TD Securities Inc., that the proposed transaction is fair, from a financial point of view, to Ivanhoe Mines' shareholders generally. A comprehensive information circular, incorporating the final reports from Dundee Securities and TD Securities, is currently being prepared and is expected to be distributed to Ivanhoe Mines' shareholders in mid-November.

ABM is a private mining company that has been producing iron ore pellets and concentrate at its integrated mining, pelletizing and shipping facilities in the Australian state of Tasmania since 1997. The Tasmanian operations are currently producing at an annual rate of approximately 2.4 million tonnes of iron ore pellets and concentrate, a 20% increase over the 1999 output. ABM also received a price increase of 6% for its pellets in the second quarter of this year, which will further boost the company's 2000 sales revenues. A capital expenditure program, estimated to cost approximately US\$15 million, is planned to increase production at Savage River/Port Latta to up to 2.95 million tonnes a year. It is scheduled to be completed in 2002. ABM also owns the Bjørnevatn iron mine and an integrated pellet plant and shipping facilities at Kirkenes, in northern Norway, which are currently under care and maintenance.

Ivanhoe Mines has a 50% interest in the S&K Mine in Myanmar, which is the first phase of the Monywa Copper Project; the other 50% is held by Mining Enterprise No. 1, a state-owned company. Monywa's second phase is the planned development of the Letpadaung deposit, located 10 kilometres south of the S&K Mine. The Letpadaung deposit is approximately five times larger than the S&K ore body. A recent Technical Development Study, prepared by Minproc Ltd., contemplates construction of an open-pit, heap-leach, SX/EW mine at Letpadaung, with a planned production rate of up to 275 million pounds of cathode copper a year and with a flow sheet, metallurgy and process design similar to those at the S&K Mine.

Ivanhoe Mines has a 70% interest in the Bakyrchik Gold Project in Kazakhstan. It also owns 18.1%, the largest single shareholding, in Emperor Mines Limited, which produced almost 125,000

ounces of gold from its Emperor Mine in Fiji last year. Ivanhoe is exploring for gold and base metal deposits in Indonesia, South Korea, Myanmar and Mongolia. Ivanhoe Mines is considering various options to raise additional cash in support of the ABM merger, including the disposition of certain assets.

Ivanhoe Mines has 74.4 million shares outstanding and had a cash balance of approximately US\$44.0 million at August 30, 2000.

For further information, please contact:

Investors: Bill Trenaman Canada 604.688.5755

Media: Bob Williamson Canada 604.688.5755

Ivanhoe Mines' Web site: www.ivanhoemines.com

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 future production and expansion plans of Ivanhoe Mines Ltd. and ABM Mining, 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.