



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

For Immediate Release

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## **S&K MINE PAYS US\$11.8 MILLION INTO ESCROW ACCOUNT TO FURTHER REDUCE CONSTRUCTION PROJECT LOAN**

SINGAPORE - Robert M. Friedland, Chairman, announced today that the S&K Copper Mine in Myanmar has paid US\$11.8 million from the project's operating cashflow into an escrow account to meet the second scheduled installment payment on its long-term project loan.

The outstanding balance on the loan, now US\$82.5 million, will be reduced to US\$75 million when the escrowed funds are applied in August of this year. (The second installment consists of principal repayment of US\$7.5 million and US\$4.3 million in accrued interest). Marubeni Corporation and Nissho Iwai Corporation provided the original US\$90 million loan to Myanmar Ivanhoe Copper Company Limited (MICCL) for the development of the S&K Mine, the first phase of the Monywa Copper Project. MICCL is a 50/50 joint venture between Ivanhoe Mines and Mining Enterprise No. 1. The non-recourse loan is repayable in semi-annual installments finishing in August, 2005. It can be pre-paid without penalty and has an effective interest rate of LIBOR plus 3.25% (currently 9.57%).

Mr. Friedland said that the S&K Mine produced 58.9 million pounds (26,736 tonnes) of copper in 1999, of which 50% was to Ivanhoe Mine's account. S&K's minegate production costs in 1999 were US\$0.28 per pound and total production costs, including interest expense, depreciation, marketing and royalty payments, were approximately US\$0.60 per pound.

S&K is currently producing cathode copper at a rate of approximately 29,000 tonnes (63.9 million pounds) a year. The mine's annual production capacity is being increased by 40% this year, to 35,000 tonnes (77.2 million pounds), through a staged expansion being funded from the mine's operating cash flow.

Ivanhoe Mines has 74.4 million shares outstanding and had a cash balance of approximately US\$50.7 million at January 31, 2000. The company's shares trade on the Toronto and Australian stock exchanges under the symbol IVN.

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