



October 12, 1999

**I V A N H O E**  
**M I N E S** **ANNOUNCES APPROVAL OF SCHEDULED EXPANSION**  
**AT S&K COPPER MINE TO FACILITATE 40% INCREASE**  
**IN DESIGNED OUTPUT**

SINGAPORE — Robert M. Friedland, Chairman of Ivanhoe Mines Ltd., announced today that approval has been given for the planned expansion of the S&K Copper Mine in Myanmar. Production capacity will be increased by approximately 40%, to an annual design rate of 35,000 tonnes (77.2 million pounds) of cathode.

With the mine having achieved financial completion in August, the board of Myanmar Ivanhoe Copper Company (MICCL) — 50%-owned by Ivanhoe Mines — has now approved the expansion. Subject to the approval of MICCL's joint venture partners and the project lender, the budgeted cost of approximately US\$7 million is expected to be financed internally by MICCL through ongoing copper sales. The project is scheduled to be completed by September, 2000.

The construction project will be managed by MICCL. Merit Consultants, of Vancouver, Canada, has been selected to assist with the implementation of the project. The mine's increased copper output will be achieved largely through a 40% increase in the size of the electrowinning plant. The electrowinning process produces sheets of 99.999%-pure copper (cathodes) by applying an electric current to a solution rich in copper leached from heaps of crushed ore.

"The expansion of the S&K Mine is part of the natural evolution of the Monywa project that we had built into our planning schedule from the outset in 1995 to achieve optimum efficiency from the first stage of production," Mr. Friedland said.

"While there are four distinct deposits at Monywa, our initial mining, including this expansion, is focused just on the Sabetaung pit. Proceeding with the planned expansion at this time will allow us to optimize the mine's existing infrastructure and achieve production significantly above the commissioning target of 25,000 tonnes a year. As we had hoped, the SX-EW process has proven to be very cost effective and ideally suited to the ore being mined at S&K."

Mr. Friedland said that the development plan for Monywa incorporates longer term provisions for future increases in production of an additional 125,000 tonnes (275 million pounds) of cathode copper a year. "The timing and ultimate scale of the entire project has not yet been determined or limited."

The S&K Mine is operated by MICCL, a 50/50 joint venture between Ivanhoe Mines and Mining Enterprise No. 1, a state-owned company. S&K is currently producing copper at a rate of more than 28,000 tonnes a year — 12% higher than the mine's commissioning target. The average minegate cost of production to date is approximately 27 cents (US) a pound.

Ivanhoe Mines has 74.2 million shares outstanding and had a cash balance of approximately US\$51.4 million at September 30, 1999. The company's shares trade on the Toronto and Australian stock exchanges under the symbol IVN.

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