



August 30, 1999

IVANHOE

S&K COPPER MINE ACHIEVES FINANCIAL COMPLETION

PROJECT LOAN BECOMES NON-RECOURSE TO
IVANHOE MINES LTD.

SINGAPORE - Robert M. Friedland, Chairman, announced today that the company's 50%-owned S&K Copper Mine in Myanmar has achieved financial completion by, among other things, making the first installment payment of approximately US\$12 million towards a US\$90 million long-term project finance facility. As a result, the loan provided for the development of the S&K Mine by Japan's Marubeni Corporation and Nissho Iwai Corporation is now non-recourse, and will no longer be guaranteed or secured by Ivanhoe Mines.

The balance of the project finance facility is repayable in semi-annual installments, consisting of principal and accrued interest, beginning in February, 2000, and finishing in August, 2005. The loan can be pre-paid without penalty and has an effective interest rate of LIBOR plus 3.25% (currently 9.13%). The S&K Mine, the first phase of the Monywa Copper Project, is operated by Myanmar Ivanhoe Copper Company Limited (MICCL), a 50/50 joint venture between Ivanhoe Mines and Mining Enterprise No. 1, a state-owned company. The mine began production of 99.999%-pure cathode copper in November, 1998. Production has increased steadily since operations began. To the end of July, the mine had produced 18,333 tonnes of cathode. July's output totalled 2,383 tonnes — a rate of more than 28,500 tonnes a year. To date, the average minegate cost of production is approximately US\$0.27 a pound, making the mine one of the world's lowest-cost primary copper producers.

MICCL expects to begin the first of a series of planned expansions at the mine in September. This initial expansion, an enlargement of the mine's electrowinning plant to match the existing power supply, is projected to increase copper production to approximately 35,000 tonnes per annum. The estimated capital cost of the expansion is approximately US\$7 million.

MICCL is also in discussions with several international groups with respect to development options of the nearby Letpadaung copper deposit, which contains a minimum of four times the copper reserves of the S&K deposits. One of the options now being reviewed in detail is aimed at increasing production at the Monywa Project by an additional 125,000 tonnes (275 million pounds) of cathode copper a year. The ultimate scale of the entire project has not yet been determined or limited.

Ivanhoe Mines has 74.2 million shares outstanding and had a cash balance of approximately US\$53 million at July 31, 1999. The company's shares trade on the Toronto and Australian stock exchanges under the symbol IVN.

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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 copper reserves and future production and expansion 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.