

IVANHOE MINES LTD.

For Immediate Release

August 9, 1999

IVANHOE MINES AND THE GOVERNMENT OF KAZAKHSTAN REVISE PURCHASE AGREEMENT ON BAKYRCHIK GOLD PROJECT

SINGAPORE - Robert M. Friedland, Chairman, announced today that Ivanhoe Mines' wholly-owned subsidiary, Central Asian Mining Ltd. (CAML), and the Government of the Republic of Kazakhstan have amended their 1996 agreement on the acquisition of the Bakyrchik Mine Venture (BMV). The changes return a 30% interest in BMV to the Government and eliminate CAML's remaining payment obligation of US\$30 million for the purchase of the mine.

As a result of this signed amendment, the US\$30 million purchase installment will be removed from Ivanhoe Mines' balance sheet and the carrying value of the Bakyrchik Project will be reduced to a nominal value. These changes will be reflected in the company's third-quarter financial statements.

Under terms of the amendment, CAML will transfer back to the Government of Kazakhstan a 30% interest in BMV, thereby reducing CAML's interest in the project to 70%. A revised social facilities agreement is also being negotiated between BMV and the East-Kazakhstan Oblast, the regional government body, that CAML expects will result in lower monthly holding costs at the project. In addition, the Kazakh Government has provided its assurance that all state agencies will cooperate with BMV through a mediation agreement using the Government's investment arm, Agency on Investment.

"We are very pleased to have achieved this new agreement," Mr. Friedland said. "The amendments remove several hurdles that were impeding our ability to advance the development of the Bakyrchik Project. The Kazakh government is to be commended for its understanding of the issues currently facing mining companies. Its cooperation in revising this agreement will permit the project to move to the next phase of development. Bakyrchik is one of the world's largest undeveloped gold deposits. It remains an excellent, long-term asset for our company and I am confident that the project will become an important gold producer."

Ivanhoe Mines' representatives in Kazakhstan note that the Kazakh Government has shown its willingness to support companies that are in compliance with the terms of their

agreements. With this agreement, Ivanhoe Mines believes that a more favorable framework has been created for a third party to assist in the development of the Bakyrchik Project. Discussions with several potential joint venture partners are ongoing. The economics of the project, which were reviewed in detail in a 1996 feasibility study and a 1997 basic engineering study, have been affected by the decline in the gold price. The mine has been managed under a care-and-maintenance program since January, 1998.

In addition to its interest in the Bakyrchik Project, Ivanhoe Mines is producing approximately 25,000 tonnes of low-cost, cathode copper a year at its 50%-owned S&K Mine in Myanmar. The company's other assets include an approximate 18% indirect stake in the Emperor Gold Mine in Fiji, which is expected to produce approximately 135,000 ounces of gold in 1999. Ivanhoe also holds extensive gold and base metal exploration interests in Indonesia, Thailand and South Korea.

Ivanhoe Mines has 74.1 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.

For further information, please contact:

Investors: Bill Trenaman

Media: Bob Williamson

North America: 604.688.5755

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 potential mineralization and reserves, 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.