

IVANHOE MINES ANNOUNCES Q3 2006 RESULTS

SENIOR RIO TINTO EXECUTIVE JOINS IVANHOE BOARD FOLLOWING FORMATION OF AN IVANHOE MINES-RIO TINTO STRATEGIC PARTNERSHIP TO DEVELOP IVANHOE'S MONGOLIAN COPPER-GOLD RESOURCES

SINGAPORE — Ivanhoe Mines today announced its results for the third-quarter of 2006. (All figures are in US dollars unless otherwise stated).

The major event was the announcement on October 18, 2006, that world mining leader Rio Tinto had agreed to form a strategic partnership by investing in Ivanhoe and, through an Ivanhoe-Rio Tinto Technical Committee, will jointly engineer, construct and operate Ivanhoe's Oyu Tolgoi copper-gold mining complex in Mongolia's South Gobi region. The agreement creates a defined path for Rio Tinto to become the largest shareholder in Ivanhoe Mines.

Rio Tinto purchased approximately 37.1 million Ivanhoe shares at a price of US\$8.18, representing a 25% premium to Ivanhoe Mines' closing price on October 17, 2006, and a premium of 30% to Ivanhoe's 20-day moving-average share price prior to October 17 of US\$6.29. Rio Tinto now owns approximately 9.95% of Ivanhoe Mines' issued share capital.

The agreement between Ivanhoe Mines (IVN: TSX, NYSE & NASDAQ) and London-based Rio Tinto (RTP: NYSE; RIO: LSX, ASX) provides for Rio Tinto to make additional investments in the equity of Ivanhoe Mines, under defined conditions, of up to approximately US\$1.5 billion. Ivanhoe has agreed to use at least 90% of the proceeds received from Rio Tinto to finance the development of Oyu Tolgoi.

Further investments by Rio Tinto in Ivanhoe Mines will be structured in the following stages:

- Rio Tinto will take up a second tranche private placement following the satisfactory conclusion of an Investment Agreement between Ivanhoe and the Mongolian Government on terms mutually acceptable to the company and Rio Tinto. Rio Tinto has the option to purchase the second tranche earlier. This second tranche will consist of approximately 46.3 million shares at a subscription price of US\$8.38, giving total proceeds to Ivanhoe of a further US\$388 million. The subscription price represents a 33% premium to Ivanhoe's 20-day moving-average share price of US\$6.29, and 28% to the closing price on October 17, 2006. Completion of the first and second tranches, and an additional top-up right, will give Rio Tinto up to 19.9% of Ivanhoe's enlarged issued share capital, for a total combined investment of at least US\$691 million.
- In addition to the two private placements, Rio Tinto has been granted non-transferable warrants to purchase approximately 92 million Ivanhoe shares — in two equal tranches of approximately 46 million shares — at various exercise prices. When exercised, the warrants will result in additional funds to Ivanhoe of up to US\$808 million that, when combined with the private placements, will total approximately US\$1.5 billion. These warrants entitle Rio Tinto to increase its interest in Ivanhoe to up to 33.35% of the company's fully diluted share capital. Exercise of the warrants is conditional on the approval of Ivanhoe shareholders at a special meeting to be convened in Vancouver, B.C., Canada, on November 30, 2006.

The partnership agreement also provides that Ivanhoe and the Mongolian Government will have access to Rio Tinto's expertise in developing and operating world-class mines.

In addition, Rio Tinto is joining Ivanhoe in current talks with the Mongolian Government for a long-term Investment Agreement that will confirm a tax, legal and fiscal framework for the development of the Oyu Tolgoi project. A working group of government officials has been appointed to work with Ivanhoe to prepare a draft Investment Agreement to be submitted for cabinet consideration.

Joint Technical Committee established to manage Oyu Tolgoi Project

As part of their agreement, Rio Tinto and Ivanhoe have agreed to cooperate on the construction and operation of Oyu Tolgoi. The first technical review meeting is being held this week, providing Rio Tinto representatives with their first opportunity to provide their input into the project development. Particular attention will be paid to details of the planned underground mine at Oyu Tolgoi.

In addition:

- Rio Tinto and Ivanhoe have established a Technical Committee to manage all aspects of the engineering, construction, development and operation of the Oyu Tolgoi complex. The Technical Committee will consist of two representatives from Ivanhoe, two representatives from Rio Tinto and a fifth member who will act as committee chairman and senior manager of the Oyu Tolgoi project.
- John Macken, Ivanhoe President and CEO, will serve as Technical Committee chairman and senior project manager for the first five years as the project ramps up to full production. During this period, unanimous consent of all Technical Committee members will be required for certain specified decisions, including acquisitions, or budgetary commitments exceeding US\$100 million and material amendments to the long-term Oyu Tolgoi mine plan. After five years, Rio Tinto will have the right to appoint the subsequent chairman and senior project manager.
- Rio Tinto will make available, at cost during the first five years, its engineering, mining and metallurgical staff to assist Ivanhoe in the mine planning, engineering, design and construction of the Oyu Tolgoi project. In consultation with the Technical Committee, Rio Tinto also will second appropriate employees to the Oyu Tolgoi project, as required.

Tom Albanese is Rio Tinto's first representative on Ivanhoe's board of directors

As part of the private placement agreement, Rio Tinto will nominate directors to the Ivanhoe board in proportion to Rio Tinto's holding of Ivanhoe's issued share capital.

Rio Tinto's first nominee — Tom Albanese, Director, Group Resources, and head of Exploration — joined the Ivanhoe board on November 10, 2006. Mr. Albanese, 48, is responsible for Rio Tinto's Exploration, Operational and Technical Excellence, Human Resources, External Affairs and Global Business Services. Mr. Albanese was formerly Rio Tinto's Chief Executive, Copper & Exploration. Before joining Rio Tinto in 1993, he held a number of positions with Nerco Minerals.

The private placement agreement requires that when Rio Tinto is entitled to nominate more than one director, half of the company's nominees will be Independent Directors as defined under applicable securities laws to continue to maintain the highest standards of Canadian and US corporate governance practices.

Standstill agreement

For a period of five years, Rio Tinto's right to increase its interest in the company's share capital, except through the second tranche private placement and the exercise of the warrants, is restricted to no more than an additional 6.65% of the issued share capital of the company. Rio Tinto has also agreed that, during such five-year period, its total interest in the company's issued share capital shall not exceed an aggregate holding of 40%.

These restrictions on share purchases may be waived with prior agreement from the Ivanhoe board of directors and will not apply in the event that Rio Tinto exercises a right of first refusal to purchase any shares Robert M. Friedland, Ivanhoe Mines Chairman, might choose to sell to any party other than institutional shareholders during the five-year period. Mr. Friedland, who has continued to hold all of his Ivanhoe shares for the past 13 years, has stated that he has no intention of selling shares. The restriction on share purchases will be waived if a third party announces a takeover offer for Ivanhoe Mines.

Mongolia: Oyu Tolgoi Project Development Update

Work on Shaft # 1, a 6.7-metre-diameter exploration and production shaft at Oyu Tolgoi, is continuing on plan. The shaft sinking, presently averaging 3.1 metres per day, has reached a depth of approximately 600 metres below surface. The sinking of Shaft #1 to a planned depth of 1,340 metres below surface is expected to be completed in late-2007, with underground drifting and drilling occurring in 2007 and 2008. The completion of this shaft will allow for the early exploitation of a high-grade upper portion of the Hugo North deposit, as well as expedite the conversion of the current Hugo North resources into proven and probable reserves.

Preliminary construction activities involving site preparation, excavation for concentrator foundations and the construction of accommodation facilities are in progress. These activities, in conjunction with engineering and procurement efforts, are seen as critical to minimizing any schedule risk associated with the project.

Surface preparations for shaft #2, a 10-metre-diameter production and service shaft, were completed during the quarter and permits for shaft sinking have been applied for. The Technical Committee will finalize the location and development plan for this shaft before work begins on the pre-sinking excavation, which is expected to continue through the first quarter of 2007. Construction of the head frame and hoisting facilities is planned to begin next spring.

The next stage in the overall development of Ivanhoe's Oyu Tolgoi flagship project will be the securing of all remaining governmental approvals. It is expected that the first production could begin within 30 months of the receipt of these approvals, giving a potential start-up date of mid-2009, subject to confirmation of delivery dates on key long-lead-time equipment.

The Mongolian Government met its publicly stated commitment to finalize important changes to specific taxation and minerals legislation early in July 2006. This was an important development as the Mongolian Government had previously publicly stated that it wanted to have the revised laws approved by parliament before it negotiated an Investment Agreement with Ivanhoe. Representatives for Rio Tinto are expected to be appointed to the company's negotiation team shortly. The finalization of an Investment Agreement with the Mongolian Government will be a very important milestone toward the development of Oyu Tolgoi.

Formal Investment Agreement discussions with a nine-member Government-appointed working group began in August 2006. The State Secretary of the Ministry of Finance is chairing the working group. Other members are representatives of designated Mongolian Government ministries, including the

Ministry of Finance, the Ministry of Industry and Trade, the Ministry of Nature and Environment and the Ministry of Justice and Home Affairs. The working group will prepare a draft Investment Agreement and submit it to the Cabinet for consideration.

Ivanhoe Mines has made a concerted effort in recent months to build a broad, general understanding among the Government, Members of Parliament, civic groups and the general public of the Oyu Tolgoi Project and the benefits it will bring to Mongolia and its citizens. Ivanhoe considers this to be a critical support activity for the finalization of the Investment Agreement.

Mongolia: Coal Division merger with Asia Gold

In the second quarter, Ivanhoe announced a plan to transfer the company's Mongolian Coal Division to Asia Gold Corp. (ASG: TSX-V) in exchange for approximately 82.6 million shares of Asia Gold.

On August 8, 2006, the minority shareholders of Asia Gold voted 99% in favour of the merger transaction. Closing of the transaction is subject to the fulfillment of certain conditions precedent, including completion of the transfer of certain mineral exploration licenses in Mongolia.

During the past month the Cadastral Office of the Mineral Resources and Petroleum Authority of Mongolia accepted applications filed by Ivanhoe to transfer the ownership of the relevant licences in accordance with the provisions of Mongolia's revised Minerals Law. Ivanhoe Mines and Asia Gold have agreed to extend the closing date of the coal division merger transaction to accommodate the unanticipated delays in completing the formal licence transfer process. It is expected that the transaction will be completed after the formal licence transfer process in Mongolia is concluded.

Myanmar: Monywa Copper Project Joint Venture

Copper cathode production for the S&K Mine at the Monywa Copper Project in Q3'06 totalled 5,980 tonnes, representing a decrease of 30% over Q3'05. The copper price on the London Metal Exchange (LME) averaged \$3.48 a pound in Q3'06, compared to \$1.70 a pound in Q3'05, representing an increase of 105%.

During the quarter, S&K operations continued to be hampered by a shortage of supplies, tires and chemical reagents due to delays in obtaining the necessary import permits. Total tonnage moved in Q3'06 decreased by 28% compared to Q3'05. Total cathode production in Q3'06 decreased by 30% due mainly to a 26% decrease in tonnages placed on the heaps and a 37% decrease in copper grades.

At the end of Q3'06, the S&K Mine had \$85.6 million in cash, representing a \$1.3 million increase over the balance at the end of the previous quarter.

During the quarter, Ivanhoe Mines continued its discussions with interested parties on the possible sale of an interest in the S&K Mine. Ivanhoe has a 50% interest in the company that owns and operates the S&K Mine. Ivanhoe's agreement with Rio Tinto provides for the divestiture by Ivanhoe of its joint venture interest in the Monywa Copper Project.

Australia: Cloncurry Project

The Cloncurry Project covers an area of more than 1,450 square kilometres in northwestern Queensland in Australia's storied Mount Isa-Cloncurry mining district. Since acquiring the property in September, 2003, Ivanhoe Mines initially has focused on three high-potential copper gold targets: Mt. Dore, Swan and Amethyst Castle. Ten holes, totalling 4,621 metres, were drilled in the quarter.

In Q3'06, diamond drilling on the Iron Oxide Copper Gold (IOCG) mineralized systems at Swan and Amethyst Castle yielded encouraging geological information and several drill intercepts of haematite matrix sulphide-bearing hydrothermal breccias, indicating that Ivanhoe's exploration might have clipped the top of deeper copper-gold-uranium bodies.

At Amethyst Castle, RC drilling into geophysical targets (mainly induced polarization targets) yielded intercepts of copper, gold and uranium in the eastern side of the breccia body. This drilling was followed by a diamond drilling program, with four holes completed during the quarter and two additional holes drilled after September. The diamond core has confirmed the presence at Amethyst of a large-scale breccia body hosting IOCG mineralization, with associated uranium. Further drilling is planned after assay results are received.

At the Swan prospect, six holes were drilled for a total of 3,142 metres, with targets designed to explore the large magnetic anomaly. The southern side of the anomaly proved to be less mineralized than the northern side and drilling now is extending mineralization to the northeast. Copper and gold mineralization is associated with widespread intense albitisation (red rock), which is overprinted by pyroxene, magnetite, pyrite and chalcopyrite veinlets. Common native copper and chalcocite (supergene?) also have been observed. Swan is located within a large, distinctive magnetic anomaly that also underlies the former Mt. Elliot mine and Swell and northern Gossan prospects. This deep-seated feature appears to have a circular form, with a diameter of approximately one kilometre. Preliminary drilling and the widespread Na-Ca alteration at these targets indicate they are all related to one large mineralized system that remains to be tested at depth. Extensive drilling is being planned to test this concept. Testing for potential oxide and primary copper-gold resources at Swan will be evaluated by pattern drilling, initially at 100-metre drill centres.

In October, drilling moved onto a third prospect, Metal Ridge North, where surface copper geochemical anomalies, combined with magnetic and conductivity features, are the target for a three-hole diamond-drill program and a 20-hole RC-drill program. The mineralization occurs along a northerly trend for several kilometres and appears to be associated with carbonaceous shales that also display widespread, intense albitisation.

During the quarter, a comprehensive review of 30 years of previous exploration was conducted. This resulted in the recognition of numerous new target areas, most of which have IOCG signatures. There are more than 100 known mineral occurrences and prospects within the Ivanhoe tenements. Some of these are centred on uranium occurrences that were only partially explored during the 1970s. The historic Kuridala copper mining district, situated in the northern part of Ivanhoe's tenements, has numerous copper, gold and uranium prospects that will be studied further in preparation for extensive drilling. Universal Tracking Systems has been engaged to fly a 6,000-line-kilometre survey over selected parts of Ivanhoe's land package, particularly those with associated uranium, to enhance drill target selection.

The number of quality IOCG targets that require drill testing is extraordinary and a very significantly increased exploration program is being planned for Q4 and 2007. A dedicated corporate management team, including specialist consultants, will be assembled to take the Cloncurry projects forward into 2007.

China: Jinshan Gold Mine Nearing Commercial Production

On September 12, 2006, Jinshan Gold Mines Inc., a company that is approximately 48% owned by Ivanhoe Mines, announced it had received the Mining Permit for its CSH (217) gold mine in China, which will authorize the start of commercial gold mining operations. The permit was granted by the Ministry of Land and Resources in Beijing.

Jinshan expects that it will be capable of commencing commercial gold production in early 2007 at an

estimated annual rate of approximately 120,000 ounces.

Senior Gold Executive Appointed

During the third quarter, David Woodall was appointed President of Ivanhoe's gold operations. His responsibilities will include overseeing the advancement of the company's gold exploration and mine development projects, which include, among others, the Bakyrchik gold mine development project in Kazakhstan and the Cloncurry IOCG gold, copper project in Australia.

Mr. Woodall, 46, has more than 21 years of professional experience in mining operations. Prior to joining Ivanhoe Mines, he acquired extensive mine management experience at underground and open-pit mines in Canada, Australia, Fiji and China. Among numerous mine operation assignments, he worked as Mine General Manager for Placer Dome at the Musselwhite gold mine in Ontario, Canada, the Kanowna Belle gold mine in Western Australia and the Osborne copper and gold mine in Australia. He also worked in senior mine management positions with Robe River, Sino Gold and WMC Resources.

Financial Results

During the quarter, Ivanhoe Mines recorded a net loss of \$66.4 million (or \$0.20 per share), compared to a net loss of \$14.3 million (or \$0.05 per share) in Q3'05. The increase in the loss from 2005 to 2006 was primarily due to a \$36.2 million increase in exploration expenses. This includes shaft sinking and engineering and development costs at Oyu Tolgoi that have been expensed and not capitalized. The company will reassess the accounting treatment of the engineering and development costs as a result of the Rio Tinto transaction. Going forward, a portion of these costs may be capitalized. Results for the quarter also were affected by a \$1.0 million increase in income from the Monywa Copper joint venture, less a \$7.5 million decrease in foreign exchange gains and a \$4.9 million decrease in income from discontinued operations. Exploration costs are charged to operations in the period incurred and often constitute the bulk of the company's operations loss for that period.

Ivanhoe's results for the Q3'06 and the first nine months of 2006 are contained in the unaudited Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, available on the SEDAR website at www.sedar.com and Ivanhoe's website at www.ivanhoemines.com.

Ivanhoe shares are listed on the Toronto, New York and NASDAQ stock exchanges under the symbol IVN.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes Ivanhoe's quarterly results for the last eight financial quarters. (Expressed in millions of U.S. dollars, except per share amounts)

	Quarter ended			
	Sept 30 2006	Jun 30 2006	Mar 31 2006	Dec 31 2005
Exploration expenses	(65.1)	(39.9)	(27.0)	(40.1)
General and administrative	(9.1)	(9.8)	(11.0)	(5.8)
Share of (loss) income from joint venture	9.0	(2.4)	4.5	(0.5)
Gain (loss) on foreign exchange	(0.4)	4.7	(0.2)	(0.4)
Net (loss) from continuing operations	(68.0)	(45.7)	(31.1)	(49.8)
Net income from discontinued operations	1.5	5.4	7.9	7.9
Net (loss)	(66.4)	(40.3)	(23.2)	(41.8)
Net (loss) income per share				
Continuing operation	(0.20)	(0.14)	(0.10)	(0.16)
Discontinued operations	0.00	0.02	0.03	0.03
Total	(0.20)	(0.12)	(0.07)	(0.13)

	Sept 30	Jun 30	Mar 31	Dec 31
	2005	2005	2005	2004
Exploration expenses	(28.9)	(33.8)	(24.4)	(24.2)
General and administrative	(7.3)	(5.9)	(4.8)	(6.2)
Share of income from joint venture	8.0	7.8	7.7	6.5
Gain (loss) on foreign exchange	7.1	1.7	(0.6)	3.5
Net (loss) from continuing operations	(20.6)	(31.1)	(24.2)	(26.6)
Net income from discontinued operations	6.4	5.9	15.7	9.5
Net (loss)	(14.3)	(25.2)	(8.5)	(17.1)
Net (loss) income per share				
Continuing operation	(0.07)	(0.10)	(0.08)	(0.08)
Discontinued operations	0.02	0.02	0.05	0.03
Total	(0.05)	(0.08)	(0.03)	(0.05)

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Forward-Looking Statements: This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning estimates of the planned development and engineering at the Oyu Tolgoi project, statements concerning the expected timing and outcome of Ivanhoe Mines' discussions with representatives of the Government of Mongolia for an Investment Agreement in respect of the Oyu Tolgoi project, statements relating to planned sale of the Mongolian Coal Division to Asia Gold, statements relating to expected production from the Nariin Sukhait coal project, statements relating to future, contingent payments for the sale of Savage River mine, statements relating to the continued advancement of Ivanhoe Mines' projects and other statements which are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Ivanhoe believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements are disclosed under the heading "Risk Factors" and elsewhere in the corporation's periodic filings with Canadian and US securities regulators.