

**PRODUCTION UP 18% AT MONYWA MINE TO 33.5 MILLION POUNDS  
OF COPPER IN FIRST SIX MONTHS OF 2004; NEW MONTHLY RECORD SET IN JULY**

**CAPACITY TO RISE 40% TO 86 MILLION POUNDS A YEAR  
WITH INCREASE SET TO BE IN EFFECT IN OCTOBER**

SINGAPORE — Ed Flood, Deputy Chairman of Ivanhoe Mines Ltd., announced today that the Monywa Copper Project in Myanmar produced 15,191 tonnes (33.5 million pounds) of LME Grade A copper in the first six months of 2004 (7,596 tonnes net to Ivanhoe), at a minegate cash cost of approximately 38 cents (US) a pound. Production is 18% higher than for the same six-month period last year.

The project also produced an additional 2,715 tonnes of copper in July, setting a new monthly record that equates to an annualized rate of 32,000 tonnes.

Ivanhoe holds a 50% interest in the Monywa joint-venture operator, Myanmar Ivanhoe Copper Company Ltd. (MICCL).

Current production is based on ore from the Sabetaung pit, the principal source of ore since the first phase of the Monywa Project started production in 1998. Preparation for mining is continuing on the large Letpadaung ore body, approximately six kilometres to the south, which will form part of the project's planned second phase as originally contemplated when the Monywa joint venture was formed.

Higher ore grades in the Sabetaung pit, which maintained an average of 0.80% copper during the first six months of this year, continued to underpin strong heap-leach performance, increased cathode copper production and lower operating costs. The Monywa Project received an average price of US\$1.25 per pound of copper sold during first six months, generating record sales revenue of US\$41.1 million (US\$20.5 million net to Ivanhoe). The mine's net cash flow for the six-month period was approximately US\$29.1 million. MICCL has US\$22 million in cash and cash equivalents on hand and is continuing to generate net cash flow of approximately US\$5 million a month.

Ivanhoe recently announced that MICCL's exploration has discovered a significant zone of high-grade copper in the floor of the current Sabetaung pit at Monywa. Drilling is underway to define the extent of this style of mineralization, which will be incorporated into the current mine plan.

**Revised 4-year annual copper target now 200,000 tonnes**

The revised development program for the Monywa joint venture now is expected to take the project's total annual copper production to approximately 200,000 tonnes within four years. This would be comprised of approximately 50,000 to 80,000 tonnes from the Sabetaung and Kyisintaung (S&K) deposits and 125,000 to 150,000 tonnes from the Letpadaung deposit. This will make the Monywa complex the largest SX-EW copper producer in Asia.

The first step in the revised development program will be an initial increase to 39,000 tonnes (86 million pounds) a year from the Sabetaung portion of the project that is set to be completed on schedule by this October, Mr. Flood said. "The increase will cost an estimated US\$3.7 million and is being funded by the mine's internal cash flow."

The second step, taking annual copper production from the S&K deposits to a projected rate of 50,000 tonnes (110 million pounds), is scheduled for completion in 2005, subject to an upgrade of the project's

power supply to 40 megawatts that is expected by the end of this year. Additional increases in the mine's power supply to between 60 and 80 megawatts are expected within 18 months and will enable the project to be developed to capacity.

### **Fast-track financing options under discussion**

A number of major Japanese, Korean and Chinese companies have filed written expressions of strong interest in providing financing to fast-track the expansion of copper production from the Monywa joint venture's Sabetaung-Kyisintaung (S&K) and Letpadaung deposits to an annual rate of approximately 200,000 tonnes. Detailed financing proposals are under discussion between the major companies and the MICCL joint venture.

### **Pre-stripping underway at Letpadaung deposit**

Pre-stripping of a second-stage trial pit at the adjacent Letpadaung deposit has started in preparation for mining. A development plan prepared in May, 2000, by Minproc Limited, of Australia, indicated that the Letpadaung deposit has the potential to produce up to 125,000 tonnes per annum of copper on a stand-alone basis.

The measured and indicated resources at Letpadaung are 1.069 billion tonnes grading 0.40% copper, using a cut-off grade of 0.10%. In addition, the deposit contains inferred resources of 409 tonnes grading 0.31% copper, using the same cut-off grade. The resources are based on the resource classification criteria of the Australasian code for reporting of mineral resources and ore reserves (JORC guidelines). Details of the parameters and modelling techniques used to calculate the Letpadaung mineral resources are in Ivanhoe's 2004 Annual Information Form, available on SEDAR. Ivanhoe's share is 50%.

<b>Letpadaung Resources (+0.10% Cu cut-off grade)</b>	<b>Tonnes (millions)</b>	<b>Copper (%)</b>
Measured	577	0.44
Indicated	492	0.36
Total Measured and Indicated	1,069	0.40
Inferred	409	0.31

Mark Haywood, Manager-Mining, MICCL, is the qualified person overseeing the Monywa Copper Project's exploration program and has reviewed the technical information contained in this release.

Monywa, an ISO 14001-certified open-pit, heap-leach SX/EW mine, is owned by MICCL, a 50/50 joint venture between Ivanhoe Mines and Mining Enterprise No. 1, a state-owned company. The Monywa Project produced 27,870 tonnes of LME Grade A cathode copper (13,935 tonnes net to Ivanhoe) in 2003 at minegate cash operating costs of 39 cents (US) a pound. The mine is expected to produce approximately 32,000 tonnes (70.5 million pounds) of copper in 2004 (16,000 tonnes net to Ivanhoe).

The joint venture is scheduled to complete repayment of its US\$90 million construction loan provided by Marubeni Corp. and Nissho Iwai Corp. of Japan with three remaining semi-annual installments totalling US\$22.5 million.

Ivanhoe shares are listed on the NASDAQ market under the symbol HUGO and on the Toronto and Australian stock exchanges under the symbol IVN.

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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 future copper production and operating costs at the Monywa project, and other statements that 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 Mines 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, US and Australian securities regulators.