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COMPREHENSIVE SCOPING STUDY OF DEVELOPMENT OPTIONS FOR IVANHOE MINES' COPPER GOLD PROJECT IN MONGOLIA DUE IN EARLY FEBRUARY

ULAANBAATAR, MONGOLIA – Robert Friedland, Chairman of Ivanhoe Mines, said today that a comprehensive study of the planned development of the company's Oyu Tolgoi (Turquoise Hill) copper and gold project in Mongolia is scheduled to be released in early February.

The independent Preliminary Assessment Report, or Scoping Study, is being prepared by an integrated engineering team from consulting firms AMEC E&C Services, of Canada, and Ausenco International, the Mining Group of GRD Minproc and SRK Consultants, all of Australia.

The study period was extended last month to allow the team to complete its evaluation of the various mining options available for the development of the Oyu Tolgoi Project. GRD Minproc has suggested that the Hugo South copper and gold deposit may be optimized by open-pit mining methods and the possibility now has been extensively reviewed with senior Ivanhoe executives. An open-pit option, as an alternative to underground bulk mining, could significantly shorten the time required to achieve optimum production at Hugo South, enhance the project's overall economics and ultimately facilitate the extraction of a larger percentage of the copper and gold resource at Hugo South.

Ivanhoe's new president, John Macken, who assumed the senior executive post this month, is assisting with the completion of the scoping study. Mr. Macken joined Ivanhoe after a 19-year career with Freeport McMoran Copper and Gold, most recently as Freeport's Senior Vice-President of Strategic Planning and Development, based in New Orleans. He previously spent a total of 13 years with Freeport's operating unit, P.T. Freeport Indonesia, culminating in the position of Executive Vice-President and General Manager at Freeport's Grasberg mining complex in Papua, the world's largest single copper and gold mine. Between 1996 and 1998, Mr. Macken headed an expansion valued at almost \$1 billion at the Grasberg open pit and underground mining complex in a joint venture between Freeport and Rio Tinto, of London, which is Freeport's largest shareholder.

Income Tax Rate Lowered in Mongolia

Mr. Friedland and Mr. Macken welcomed the significant positive implications for the international mining industry's growing involvement in Mongolia stemming from the Mongolian government's decision to reduce the general corporate income tax rate and maximum personal tax rate to 30% from the previous level of 40%. The new rates became effective on January 1 this year. Major capital investments, such as the Oyu Tolgoi project, are eligible for additional tax relief under Mongolian law. Ivanhoe will pursue discussions regarding a long-term stability agreement with the Mongolian government next month after submitting a study of the development of Oyu Tolgoi that will be based on the forthcoming scoping study.

“While mineral discoveries are the key to expanding Mongolia’s appeal to exploration companies, the country’s mining, tax and commercial laws have a significant role in determining whether investors can expect such discoveries to be developed and mined at a profit,” Mr. Friedland said. “The reduction in the income tax rate to 30% is a progressive step.”

Ivanhoe Mines is sole owner of the Oyu Tolgoi copper/gold project in Mongolia’s South Gobi region. Drilling to November, 2003, was independently confirmed to have delineated inferred resources for the project, at a cut-off grade of 0.60% copper equivalent, of 1.28 billion tonnes grading 1.13% copper and 0.24 g/t gold, containing approximately 14.6 million tonnes (30.1 billion pounds) of copper and 9.74 million ounces of gold. The project also contains an additional indicated resource of 267 million tonnes grading 0.53% copper and 0.86 g/t gold, containing approximately 1.42 million tonnes (3.1 billion pounds) of copper and 7.35 million ounces of gold, at the 0.60% copper equivalent cut-off grade. Details of the independent resource estimate prepared by AMEC of Canada are in the company’s November 11, 2003, news release at www.ivanhoemines.com.

Ivanhoe also holds or controls exploration rights covering approximately 111,000 square kilometres in central and southern Mongolia, where additional copper and gold discoveries have been made. Ivanhoe produces LME Grade A copper from its Monywa joint venture in Myanmar and iron ore products from ABM Mining’s Savage River mine in Australia.

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

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Forward-Looking Statements: Statements in this release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed under the heading “Risk Factors” and elsewhere in the corporation’s periodic filings with Canadian and Australian securities regulators. Such information contained herein represents management’s best judgment as of the date hereof based on information currently available. The company does not assume the obligation to update any forward-looking statement.